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BOSTON TRANSCRIPT
JULY 6, 1917

able, will make this matter a subject for very pressing attention."

$687,000 IN PENSIONS

Carnegie Foundation Reports on Year's Activities—The New Plan of Insurance and Annuities

New York, July 6—The eleventh annual report of the president and the treasurer of the Carnegie Foundation for the Advancement of Teaching, for the year e[illegible] Sept. 30, 1916, shows a total endowmen[illegible] of $14,250,000, an accumulated surplus of $1,327,000, and an annual expenditure of $779,000. Of this, $39,000 was spent in administration, $47,000 in educational inquiry, and $687,000 in retiring allowances and pensions. During the year thirty retiring allowances and sixteen widows' pensions were granted, the average grant being $1703. The total number of allowances now in force is 331, the total number of widows' pensions 127, the general average being $1553. The total number of allowances granted since the beginning of the foundation is 685, the total expenditure for this purpose having been $4,010,000.

The report includes official replies from fifty-two of the institutions associated with the foundation concerning the new contributory plan of insurance and annuities proposed by the foundation, and presents the fundamental principles of a pension system which have been approved by the trustees of the foundation and a joint commission representing the American Association of University Professors, the Association of American Universities, the National Association of State Universities, and the Association of American Colleges. Details are given concerning the new teachers insurance and annuity association which is to be established, together with an estimate of its prospective service to the teaching profession.

The report, as usual, devotes considerable space to recent developments in the field of pensions for teachers, clergymen and industrial workers; and records the coöperation of the foundation with the committee on pensions of the National Education Association. The work of the Massachusetts Teachers' Retirement Board, the new system for the teachers of Erie, Pa., and the plan proposed for the State of Iowa are commended; the systems proposed for the teachers of Chattanooga, Tennessee and Wheeling, W. Va., are considered faulty; the new plan for the city of New York is commended in general, but is considered faulty in particular in basing the amount of its pensions upon future salaries which nobody can predict, and in undertaking the great burden of service pensions irrespective of age or disability.

The report concludes with a study of a hundred varieties of college entrance certificates, and presents for consideration a uniform blank which, it is believed, will meet the general need.

Recent Yacht Transfers

The sonder boat Sally XI has been sold by Gordon Munroe, Jr., to Arthur McGarry of the South Boston Yacht Club, who will enter her in the club races. Thomas Scannell of the same club has purchased the racing dory Elizabeth F. from L. H. Brown of Wollaston and will race her. She has been renamed Ghost. Robin Hood, a 21-footer that has not been raced to any extent, is another boat that will be entered by the new owner, George Rolt, for the club championship races.

Naval Architects in Service

The demand by the Government for naval architects, at present, is such that several of the best known in this line in the country are now employed with various commissions. Charles D. Mower of Lynn, a member of the firm of Bowes and Mower of Philadelphia, is one of the latest to take up this work with J. Murray Watts of Philadelphia, formerly of this city. William J. Deed of this city is engaged in inspecting construction of the Government patrol boats.

W. B. McElwen of Stapleton, Staten Island, has had launched a 28-foot auxiliary catboat, designed by Ralph Crosby and built at the yard of Daniel Crosby & Son at Osterville. The same yard is completing work on a 35-foot auxiliary yawl for George T. Simpson of Columbus, N. J.

YANKEES GET OUTFIELDER VICK

Memphis Player to Report to New York at Close of Southern Season

Memphis, Tenn., July 6—Sam Vick, outfielder for the Memphis Southern Association club, has been sold to the New York Americans, to report to New York after the Southern season. The price was $4200 in cash and two pitchers.

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Date .....

SECURITY OF WORK WILL ALWAYS HOLD TEACHERS

ERA OF LARGE SALARIES IN BUSINESS WILL PASS.

Carnegie Foundation Prophesies Smaller Rewards for Leaders in Industrial Life of Another Generation.

Million-dollar salaries for corporation heads are but a passing phase, and teachers' salaries, while continuing to be moderate, will attract by reason of the security which the work offers. This is the double prophecy in the eleventh annual report of the Carnegie Foundation for the Advancement of Teaching, copies of which are now being circulated. It is also brought out in the report that teachers as a class make altogether too niggardly a provision for their families in insurance against their death, and various causes are stated for their failure to do better.

In taking up the teacher's obligation to his family, the report points out that "it is a difficult and complicated question to answer." It is assumed, however, that insurance should average about three times the annual salary of the teacher.

"The information furnished by the teachers in the associated institutions, in reply to our inquiry respecting insurance," says the report, "shows that teachers need some awakening as to their own obligations in the matter of insurance. About one-fifth of all those who answered carried no life insurance, and those who did carry insurance provided, on the average, a protection amounting to only a little more than a single year's salary, a situation not differing greatly from that among railroad employees. This situation is the result of a number of causes. Lack of the sense of obligation, lack of knowledge concerning insurance, its high cost, the general weakening of the habit of thrift among all classes of Americans, the cost of living, are some of these causes. If American college teachers are to carry a protection for themselves and their families approaching what is needed, some clear realization of the opportunities afforded, as well as of their own obligations, must be generally realized.

INSURANCE OF TEACHERS.

"In the matter of insurance only an arbitrary assumption can be made. Teachers carry on the average an insurance equivalent to a little more than one year's salary. In the Presbyterian Minister's Fund, which offers insurance at extremely low rates, the average policy is $1,600. Teachers who have been carrying on the average insurance equivalent to one and a half the annual salary will not, even on these favorable terms, carry five or six times the amount formerly provided. What one may hope for is a better realization of the obligation to protect one's family, a more systematic effort to provide that protection, and a more intelligent use of insurance as an agency to that end."

Taking up the question of the future of the teaching profession, the report says, in part:

Unless one has had the time and the patience to read the literature of old-age pensions and of social insurance, he can scarcely appreciate at its full value the significance to the teaching profession of the plan of insurance and annuities proposed in the foregoing pages. Nor can one without such background appreciate the far-reaching influence which the adoption of such a régime will exert upon the teaching profession. In the process of assimilation into the programme of the teacher's profession it will affect not merely the comfort or dependence of himself and his family, but it will profoundly influence the choice of the teacher's profession, the character of the salary schedule of the colleges, the rate with which the salary will vary with age and experience, and the relation between the government of the college and the teaching body.

These are not to be realized to-day or to-morrow. The social effect of such a plan needs a generation to reveal it. Men must be part of a political or social régime for many years in order to come to political or social consciousness. The political and economic history of every country illustrates this truth, but it is not so evident that the plan of organization of the teaching profession here proposed—for it is nothing less than this—carries with it such consequences.

PAY AND TENURE.

The conditions of pay and of tenure of place in institutions in which these teachers work vary enormously, but as the various States and provinces become older and more prosperous, they tend constantly toward a certain ideal. Another generation will see, not a uniformity of educational institutions—this is not desirable—but a general approximation to uniformity of economic and educational recognition of the teacher's service. What the teacher may expect, what are his rewards, what are the certainties, and what are the possibilities of his profession will be more evident as these three countries approximate the stage of population of Europe.

And there must be reckoned with a spirit of democracy different from the European conception, a difference which we too often forget in comparing the social forces of the old continent with those of the new. This means that there must be worked out an organization of the teaching profession for North America which shall secure to the teacher the highest possibility of reward, coupled with the greatest measure of personal freedom. The organization which is here suggested is planned to fulfil to the highest limit these conditions.

The first, and perhaps the most vital, interest is so to organize the conditions of service in colleges that able men may be attracted to this profession in choosing their vocation. The time at which this inducement must be strong is when men are young. Now and again able men come late into the teacher's life. But the profession must make its appeal to men when they choose their vocations, if it is to draw to it a fair proportion of the brains and the energy of the race.

The process will no doubt be slow. To-day the drift is away from the college. But if ever it is to be toward it, the opportunities and rewards of the life must be open to the ambitious man whether he begins in one college or another, whether he start in Alberta or California. He must get some thrill of consciousness that he is joining a brotherhood which reaches from the Arctic to the Gulf of Mexico, that every college in all this region is to be a door through which one may enter this association. No one can tell whether the able man may enter by way of Texas or New York or Winnipeg. The call to the man must come not from a college but from the life, a life which offers no big prizes in money, but has security, honor, and freedom.

How far will security weigh in the minds of able men against the money prizes? That is hard to say. Time will be needed before it will count appreciably, but security is the only balance of a material sort which the teaching profession can set off against the money prizes. Men are paid as much as a million dollars a year in a few cases in America. Salaries of $100,000 a year are not uncommon. A great organization thinks nothing of paying $25,000 to its vice-presidents or assistant managers. Is it possible to fix the eyes of able men upon the teacher's opportunity amid the dazzle of such prizes?

Two things may be said. The present scale of industrial salaries represent a passing phase of corporation development. A million dollars a year paid to a man is not a salary. No legitimate business could support overhead charges of such a scale. The next twenty years will see such charges reduced to some scale proportioned to the value of the service rendered. But the time will never come when teaching will hold out such prizes. In a material competition it offers a moderate salary with security, and to do this it must be organized.

We in North America still live in the conditions created by the development of a new continent. In the next generation business organization will undergo a continual transformation in which the tendency will be to substitute security for a part at least of the prize that has hitherto taken the form of an exaggerated salary. As time goes on security will weigh more and more with the able men in deciding a vocation, or rather one may say that the money prize will not be so powerful in drawing able men away from a vocation into which their intellectual and social powers would naturally carry them.

COTTON MARKET'S WEEK

Trend of Prices—Factors Influencing Traders—Extent of Decline in Spot Cotton—Where the Foreign Buyers Stand—The Forthcoming Government Crop Report.

The cotton market was very unsettled and irregular throughout the week. The very bullish Government crop report of Monday, particularly the statement that the indicated total yield was for only 11,633,000 bales, was offset by timely showers over north Texas. Then the Senate passed during the same afternoon an amendment to the Government's Food Control bill to include cotton. These two features caused such liquidation, reselling, and hedging that the market broke by Thursday morning to a maximum of 275 points on July contracts from their highest prices of Monday and 270 to 290 points for the new crop months.

The selling movement was, however, overdone on Thursday's break, and as the drought over the southern half of Texas remained unbroken yesterday and holders of the balance of last season's crop in the South were refusing to press sales yesterday, a new extensive buying movement by trade interests set in during the afternoon. This carried the market up 170 points for July, and 180 and 200 points for the new crop months from Thursday's lowest.

HOW SPOTS HAVE FARED.

Prices for spot cotton on most of the

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for any time this year, and there is no trouble to loan all the funds they can get hold of at full rates.

The Liberty bond loan financing, combined with the increased use of funds, has absorbed the surplus, and has caused an increased call from members of the Federal Reserve banks for rediscounts, not only here, but in other sections, and especially in the East. Action of the Secretary of the Treasury in assisting in the financing of the Liberty Loan may make the firmness in the market of short duration, as he is working to prevent heavy withdrawals from the banks which would naturally create a most uncomfortable situation within a short time, were the money for payment to be taken out of the banks.

Commercial paper is not selling as freely as of late, owing to the placing of the Liberty Loan taking the surplus of interior banks and placing them in a position where they are not seeking the placing of funds at present. Shipments of currency to the country are not regarded as large. How the new wheat crop now being harvested is going to be financed, is a proposition that puzzles all. As prices are high, there will be about double the amount needed to move the same quantity handled last year.

The impression here is that it is to be financd by or through the Federal Reserve banks, but exactly how has not been announced. As the wheat is likely to be kept moving rapidly, the money can be turned over rapidly many times within a short period. Financing of the other crops is expected to be done in about the usual methods, but much money will be necessary in August and later months.

SIX MONTHS' FAILURES.

Insolvencies for the First Six Months Amount to 7,488, against 9,495 Last Year.

With 7,488 failures for $94,721,356, exclusive of banking suspensions and a large life insurance receivership in Pennsylvania, the country's commercial mortality during the first half of 1917 made the best numercial exhibit since 1911, while the liabilities were the smallest for any similar period in nearly a decade. The present figures compare with the 9,495 defaults, involving $111,241,421, reported to *Dun's Review* last year, and with 12,740 for $188,587,535 in 1915—the highest point on record. In the first six months of 1914 there were 8,543 insolvencies, with aggregate debts of about $185,000,000. It thus appears that, despite the very material increase in new enterprises and other factors calculated to enhance the possibilities of financial embarrassment, failures have been relatively moderate, and a study of the latest statement discloses no evidence that the economic readjustments occasioned by this nation's participation in the war have caused serious disturbances in business. The improvement which featured the returns during the first three months of this year was well maintained in the second quarter, and defaults in June were less numerous than in the same month of 1916 and 1915, with the smallest liabilities for the period, excepting those of last year, since 1912.

The following table gives the number of failures since 1900 together with their assets and liabilities.

Year.	No.	Assets.	Liabilities.
1917	7,488	$56,989,360	$94,721,356
1916	9,495	59,366,420	111,241,421
1915	12,740	116,529,403	188,587,535
1914	8,543	132,398,632	185,099,730
1913	8,163	91,129,616	132,909,061
1912	8,317	89,643,271	105,012,223
1911	7,661	65,997,792	103,698,384
1910	6,388	76,328,611	112,239,306
1909	6,831	63,146,097	88,541,373
1908	8,709	78,762,588	124,874,883
1907	5,607	42,153,278	69,568,662
1906	5,612	32,802,020	62,664,074
1905	6,210	32,262,157	55,904,585
1904	6,214	46,764,276	79,490,909
1903	5,628	35,957,751	66,797,260
1902	6,165	31,048,808	60,374,856
1901	5,759	27,635,046	55,804,690
1900	5,352	43,436,559	74,747,452

The following of commercial failures throughout the United States, comprising the eight sections into which the country is divided, show the following number of failures together with their liabilities in each section:

	Number.			Liabilities.
	1917.	1916.	1915.	1917.
New England...	778	904	1,058	$12,891,493
Middle	1,808	2,372	3,196	33,950,039
So. Atlantic	853	1,116	1,791	8,239,721
Central South ..	1,017	1,487	2,240	8,546,724
Central East ..	1,323	1,557	2,028	15,335,543
Central West ..	650	866	988	5,390,938
West	197	222	254	1,157,460
Pacific	854	971	1,184	9,210,438
U. S.	7,488	9,495	12,740	$94,721,356

Following will be found *Bradstreet's* half-yearly report of failures, assets, and liabilities back to 1879:

	No. failures.	Estimated assets.	Total liabilities.	Per ct. of assets to liabil's.
1917	7,156	$43,315,992	$85,161,268	50.8
1916	8,978	46,108,919	94,878,447	48.6
1915 10,714		107,481,279	177,624,631	60.5
1914	7,759	95,980,616	175,298,926	54.7
1913	7,142	59,426,721	113,844,067	52.1
1912	7,218	52,329,759	98,816,766	52.9
1911	6,479	53,505,981	98,851,176	54.2
1910	5,905	43,912,982	91,728,602	47.8
1909	6,149	39,063,998	80,561,976	48.4
1908	7,562	103,302,640	178,782,769	57.7
1907	4,791	41,993,823	76,546,299	54.8
1906	4,873	29,037,138	59,081,789	49.1
1905	5,241	33,224,858	62,686,427	53.0
1904	5,338	45,878,407	83,235,171	55.1
1903	4,790	29,629,705	60,251,563	49.0
1902	5,262	27,018,862	56,927,688	47.4
1901	5,465	32,435,338	66,138,362	49.0
1900	4,880	27,475,514	60,064,208	45.7
1899	5,049	22,890,645	50,304,233	45.5
1898	6,429	36,606,918	72,120,341	50.0
1897	7,024	53,611,782	93,656,495	57.0
1896	7,602	60,496,568	105,535,936	57.0
1895	6,597	44,153,644	79,707,861	55.0
1894	6,528	44,970,825	82,555,339	54.0
1893	6,239	105,371,815	170,860,222	61.0
1892	5,351	28,935,106	56,535,321	51.0
1891	6,037	48,206,896	92,370,282	53.0
1890	5,466	30,023,116	62,867,962	48.0
1889	5,918	32,803,940	67,411,711	48.0
1888	5,354	34,834,746	64,987,672	53.0
1887	5,072	25,643,108	52,778,829	48.0
1886	5,461	25,509,317	53,241,432	48.0
1885	6,106	32,955,405	68,570,505	48.0
1884	5,444	70,750,078	124,104,357	56.0
1883	5,296	39,887,202	73,594,205	54.0
1882	3,649	27,329,765	52,383,289	53.0
1881	3,256	19,783,523	39,533,705	50.0
1880	2,899	14,737,907	31,837,303	46.0
1879	3,810	29,690,478	60,508,756	49.0

Failures for six months of 1917 totalled 7,156, a decrease of 20 per cent. from a year ago and of 33 per cent. from 1915, while smaller by lesser percentages than in 1914 and 1912. Liabilities for six months totalled $85,161,268, a decrease of 10 per cent. from 1916, and less than half the total of liabilities recorded in the same periods of 1915 and 1914.

CARNEGIE'S BIRTHDAY

In a few days public libraries throughout the United States will celebrate the one hundredth anniversary of the birth of Andrew Carnegie, who gave $65,000,000 for building and equipping some 3000 libraries.

Carnegie is one of the American immortals—for one reason only—the manner in which he gave his money away. Carnegie the steel magnate is forgotten—the average American youngster of today probably doesn't know how he made his money, and that may be why he is now honored.

The Carnegie business methods had nothing on earth to recommend him. They merited only the strongest condemnation for they were bad even for that ruthless period. Carnegie helped to develop the country and thus rendered a service—but it was wholly involuntary.

When the fortune was made a new Carnegie emerged, the philanthropist who gave a great fortune away in such a way as to do the greatest possible good. He it was who said it was a crime to die rich and he didn't; the vast estate was nearly all gone at his death. It lives today in the 3000 libraries he founded, one of them in Baker.

So Carnegie is still a great man and always will be. As a steel magnate he is almost forgotten and soon will be entirely forgotten as the generation that knew him dies off. He won immortality by giving, whereas if he had only got he would soon have lapsed into nothing as did most of the other multimillionaries of his time.

What a lesson this conveys to such of America's rich men as are wise enough to see it.

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for shooting Sunday, only a smal
number of skeet and trap shooters
were on hand for the turkey shoot
at the course. In the five-man trap
event, Earl Rudolph won the turkey
Bill Karp shot a perfect score for
high in the seven-man "rabbit"
contest thereby winning the gob-
bler. No other copetition was fired.
Another turkey shoot will be held
next Sunday.

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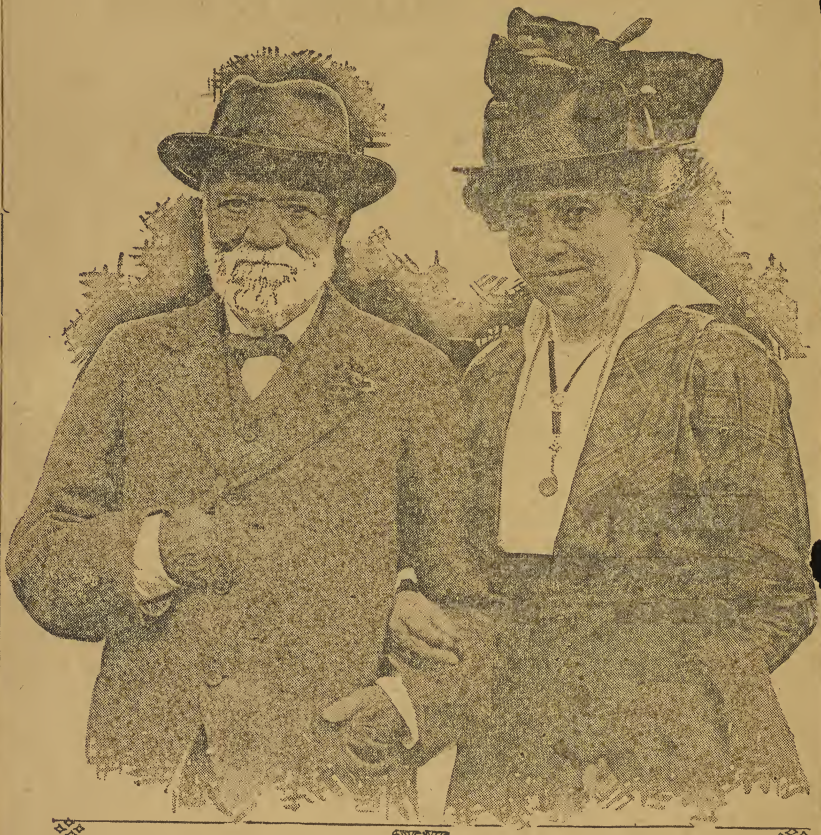

MR. and MRS. ANDREW CARNEGIE
POSED YESTERDAY ESPECIALLY for the WORLD

Back From Bar Harbor Summer, 'Fairly Well,' He Poses Before Camera in Garden.

After four months at Bar Harbor, Andrew Carnegie, close to his eighth birthday, returned to his home in Fifth Avenue yesterday, delighted to get back, in spite of the rumor that last spring's attack of grip had left a visible effect and that signs of feebleness were seen. Mr. Carnegie was fairly active in alighting from the train. His skin looked healthy and the famed twinkle in his eyes was undimmed.

"Fairly well," was the message he sent to the newspaper men who gathered at his home to welcome him. As if to prove it, he posed for a photographer in his garden, whither he had retreated to bask in the sun almost the minute he reached home. But he did not wish to meet reporters or discuss topics of general interest until a later day, he sent word.

In telling of Mr. Carnegie's summer programme, his secretary, John A. Poynton, said the family left this city June 3 for Bar Harbor and there occupied a spacious house on a point of land that jutted into the ocean. On a private golf course Mr. Carnegie played frequently. While he liked to compete with old Col. Bogey, clock golf pleased him better and, being a good putter, he could defeat all competitors.

Fishing? Not even old Izaak himself was more enthusiastic. Cod and haddock particularly were victims of the Laird's line. Landing twenty to forty a day was child's play.

Blustery weather on the ocean delighted the ironmaster, Mr. Poynton said. He was happiest when his yacht, El Placita, was being pitched about. "Great," was his word of greeting to every big comber.

Mr. Carnegie enjoyed Bar Harbor so much that he did not mind giving up his yearly trip to Europe. With Mrs. Carnegie and Mr. Poynton, Mr. Carnegie left Bar Harbor Thursday afternoon in Charles Schwab's private car Loretta. It was to connect in Providence with the Boston train, arriving here at 6.23 A. M., but missed the connection. It was attached to the train that had left the Hub at 8.20 A. M. and arrived at the Grand Central Station at 2.09.

The party used the elevator at the end of the baggage room at Forty-fifth Street and Park Avenue. Three automobiles took family servants and [illegible] Carnegie home.

KS, BONDS AND BUS

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, and the day's net changes:

Low.	Close.	Net change.	Bid.	Asked.
87	87	—1	85¼	88
33¾	33¾	— ¾	33⅞	34
29¾	29¾	— ⅛	29	30¼
6	6	—	5¾	6¼
15⅞	15⅞	— ⅛	15	15¾
3⅞	5	+ ⅞	4⅞	5
57	57	—1½	56¼	57
4¾	4¾	— ¾	4¾	5
9	9¼	— ½	9	10
5½	5½	+ ¼	5½	5¾
128½	129⅜	+4⅜	128½	129½
83	83	—2	82½	83½
29¾	30	+ ¾	29⅞	30
66½	66¾	+ ⅝	66	66¾
8	8	—	8	10
15½	15½	— ⅛	15	15⅜
146	146	—3	145½	146
99	99¾	+ ¼	99½	99⅝
41¾	41¾	+1¾	40	42
81¾	82½	— ¾	82¼	82½
29	29	— ⅞	29	29½
115¼	115¼	—	115	115¾
72¼	73	+1	72¾	73
110¾	110¾	— ⅞	110½	110¾
30⅜	30⅜	+ ⅛	30¼	32
57⅜	57⅜	— ¼	57⅜	57¾
119	119	— ¾	118¾	119
84	84	+4	80	85
47	47	—	47	48
78	78	—1⅜	78½	80
40¾	40¾	—	40¾	41
112	113⅜	+1⅛	111	113
70½	70¾	—	70½	70¾
6	106	+1½	106¼	108½
3½	163⅝	—1⅜	163	165
2⅞	2⅞	+ ⅜	2	3
47½	47½	+ ¼	47¼	47½
25⅝	25⅝	— ¾	25½	25¾
77¾	77¾	+ ⅛	77⅞	78
42½	42½	— ¾	40½	43¼
53	53⅛	—1⅛	53	53¼
104	104	+ ⅛	103⅝	104
⅜	⅜	—	¼	⅜
5	5	— ⅛	4¼	5
6¼	6¼	—	6	6¼
16⅛	16⅛	+ ⅛	16	17½
33	33	—1	31	34
79⅞	81½	+3½	79½	81½
81½	81½	— ½	80	83
17	17	— ⅜	15	17
37¼	37¼	—2¾	37	38
153⅝	153⅝	—1⅜	153½	154
124½	124½	+ ¼	124½	125
59	59	—1	59	60
96⅝	96⅝	— ⅛	96⅝	96¾
143½	143½	+12½	142	145
20	20⅛	—	20	20¼
59¾	59¾	— ¼	58½	60
198	198	—1	185	200
159	160	—2	159½	160
109½	109½	— ¾	109	110½
66	66½	— ½	66¼	66½
167	167	—1½	166	167
12⅞	12⅞	—	12⅞	13
62½	62½	—1½	62½	63
100	100	+1	99	100
6½	6½	— ⅛	6½	6¾
79	80	+5	80	82
104	104	—	102	107
134⅜	134⅜	— ⅛	134¼	134½
81⅛	81⅛	—1⅜	82	82½
10	10	—	10	10¼
11½	11½	—	11½	11¾
67	67	+2⅛	66	69
24¾	25⅞	+ ⅞	25½	25¾
43	43⅝	+ ⅞	43	43½
25⅛	25⅛	+1⅛	24⅞	26
46	46½	+ [illegible]	46½	47½
99	99	—		

DEALINGS IN BONDS

Range of Prices

Sales (in 1,000s).		High.	Low.	Close.
	GOVERNMENT AND MUNICIPAL BONDS.			
116	Anglo-French 5s	98	97⅞	97⅞
1	Imp Jap 1st ser 4½s	81	81	81
10	Imp Jap 2d ser 4½s	77⅛	77⅛	77⅛
10	Imp Jap 2d ser 4½s G stp	73½	73½	73½
10	Rep of Cuba 5s 1904	94	93½	93½
2	N Y City 4½s 1957 May	102	102	102
81	N Y City 4½s 1965	101⅞	101¾	101⅞
3	N Y City 4½s 1963	102	101¾	102
1	N Y City 4s 1958	95¼	95¼	95¼
11	N Y City 4s 1959	95½	95½	95½
	STATE BONDS.			
1	Va df 6s Br Bros ctfs	54	54	54
	RAILWAY AND MISCELLANEOUS BONDS.			
2	Alaska G M 6s	134	134	134
1	Am Agr Chem 1st 5s	102	102	102
8	Am Agr Chem deb 5s	95¼	95⅛	95¼
46	Am Smelt & Ref 6s	110½	108	110½
9	Am Tel & Tel col 4s	89	88⅝	89
288	Am T & T cvt 4½s f p	104⅝	104	104
1	Am Writing Paper 5s	61	61	61
5	Armour & Co real es 4½s	92	92	92
14	A T & S F gen 4s	92⅞	92⅝	92⅝
4	A T & S F adj 4s	83	83	83
9	A T & S F adj 4s stpd	83	83	83
4	A T & S F cvt 5s 1917	102	102	102
19	A T & S F cvt 4s 1960	106	106	106
5	Atlanta & Birmingham 4s	84	84	84
10	Atl Coast Line 4s	88¾	88⅛	88¾
6	Atl C L 4s L & N div	83⅝	83½	83½
25	Balt & Ohio pr l 3½s	91½	91¼	91¼
23	Balt & Ohio 4s	87⅜	87¼	87¼
126	Balt & Ohio cvt 4½s	92⅜	92	92⅜
1	B & O 3½s P J & M div	87½	87½	87½
1	Balt & O 3½s SW div	88½	88½	88½
1	Beth Steel 1st ext 5s	102¾	102¾	102¾
16	Beth Steel ref 5s	100⅛	100	100
8	Bklyn R T con 5s notes	100	100	100
6	California Gas & Elec 5s	94½	94½	94½
9	Canada Southern 5s	101	100¾	101
2	Cent of Ga Ry con 5s	97⅜	97⅜	97⅜
24	Central Leather gen 5s	100¼	100	100
2	Central New England 4s	73	73	73
53	Central Pacific 1st 4s	86¾	86¼	86¾
1	Central Pac Short Line 4s	85	85	85
2	Central RR of N J 5s	112	112	112
5	Ches & Ohio con 5s	103⅞	103⅞	103⅞
1	Ches & Ohio ref 5s	86	86	86
1	Ches & Ohio gen 4½s	86¾	86¾	86¾
8	Ches & Ohio cvt 4½s	83⅜	83	83⅜
21	Chi B & Q gen 4s	90⅝	90½	90⅝
13	Chi B & Q joint 4s	97	94¾	97
1	Chi & East Ill con 6s	97	97	97
1	Chi & E Ill ref & imp 4s	15	15	15
17	Chi Great West 4s	69½	69⅛	69½
2	C M & St P gen 4s ser A	88	87⅝	88
1	C M & St P gen 3½s s B	80	80	80
7	C M & St P gen 4½s t r	100	99½	99½
6	Chi M & St P cvt 4½s	97¼	97¼	97¼
10	C M & St P deb 4s 1934	88	88	88
11	Chi M & St P gen 5s	105	104¾	105
11	C M&StP 4s C M&P S d	86⅞	86½	86⅞
4	Chi & NW gen 3½s	79⅝	79⅛	79⅛
3	C & NW St L P&NW 5s	104½	104½	104½
1	Chicago Railways 5s	95⅛	95⅛	95⅛
10	Chi R I & P 1st 6s	102½	102⅝	102⅝
46	Chi R I & P deb 5s	47	46	46
13	Chi R I & P ref 4s	65⅝	65⅛	65¼
87	Chili Copper 7s	132⅞	130¾	130¾
1	C C C & St L gen 4s	72⅛	72⅛	72⅛
2	C C C&St L col 4s St L d	75¾	75¾	75¾
2	Col & South 1st 4s	88½	88¼	88½
2	Col & South ref 4½s	80¾	80¾	80¾
2	Consol Gas of Chi 5s	101	101	101
71	Consolidated Gas 6s	119⅞	118½	118½
3	Corn Products s f 5s 1934	95¾	95¾	95¾
1	Cuban-Amer Sugar 6s	100¾	100¾	100¾
51	Del & Hud conv 5s	102½	102⅜	102½
2	Del & Hud 4s 1916	100⅜	100⅜	100⅜
2	Del & Hud ref 4s	94⅛	94⅛	94⅛
11	Den & Rio G ref 5s	55½	55	55
1	Det Edison Co 1st 5s	102	102	102
9	Dist Securities Corp 5s	68	68	68
17	Erie 1st con 7s	109¼	109¼	109¼
2	Erie gen lien 4s	72¾	72¾	72¾
5	Erie convert 4s ser A	68	67¾	68
28	Erie convert 4s ser B	78	77½	77½
15	General Electric deb 5s	104	104	104
10	Granby Mining 6s	104½	104½	104½
5	Hudson & Man ref 5s	71½	71½	71½
11	Hudson & Man inc 5s	25½	25½	25½
10	Indiana Steel 5s	101	101	101
14	Illinois Central ref 4s	85	85	85
4	Illinois Central 4s 1952	84⅛	84⅛	84⅛
15	Illinois Steel deb 4½s	87¼	87⅛	87¼
21	Insp Con Copper 6s 1919	177½	175	175
44	Insp Con Copper 6s 1922	177½	174	175
130	Interboro-Metro 4½s	76	75⅞	75⅞
8	Interboro R T 5s	96½	96½	96½
23	Int Mer Mar col 4½s	77	76½	77
52	Int Mer M col 4½s certs	77	76½	77
2	Inter Paper cvt 5s	80	80	80
5	Iowa Central 1st 5s	80½	80½	80½
3	Iowa Central ref 4s	47½	47	47½
1	Kan City South 1st 3s	69½	69½	69½
2	Kan City South 5s	91	91	91
11	Kan City Ter 1st 4s	85¾	85¼	85¼
69	Lackawanna Steel 5s 1950	94¼	93½	94
1	Lac Gas of St L 1st 5s	101	101	101
1	Lac Gas of St L ref 5s	99¾	99¾	99¾
6	L S & M S deb 4s 1928	93⅝	93⅝	93⅝
1	L S & M S deb 4s 1931	93	93	93
1	Long Island ref 4s	83	83	83
1	Lorillard Co 5s	99⅞	99⅞	99⅞
2	Louis & Nash col tr 5s	103	102⅞	102⅞
32	Louis & Nash uni 4s	92¾	92¼	92¾
2	L & N 4s At K C div	84⅞	84⅞	84⅞
7	Louis & Nash St L 3s	61	59¾	61
1	La & Jeff Bridge 4s	80	80	80
1	Metro Tel & Tel 5s	101	101	101
10	Minn & St L con 5s	82	82	82
1	Mo K & E 1st 5s	89	89	89
1	Mo K & T 1st 4s	76	76	76
5	Mo K & T 2d 4s	51½	51½	51½
2	Mo K & T s f 4½s	43	43	43
19	Mo Pacific con 6s	93½	93¼	93¼
13	Mo Pacific cvt 5s	36½	35¾	36½
32	Mo Pac col tr 5s 1917	87	86⅞	87
8	Mo Pac col tr 5s 1920	75½	75	75
48	Mo Pacific 4s	36½	35⅞	36½
5	Morris & Essex 3½s	84¾	84¾	84¾
1	Nat RR of Mex con 4½s	55	55	55
12	National Tube 5s	99	99	99
206	N Y C & H R deb 6s	107¾	107¼	107⅜
18	N Y C & H R ref 4½s	88⅞	88¾	88¾
24	N Y C & H R deb 4s	88⅝	87⅝	88½
7	N Y C & H R ref 3½s	78⅝	78½	78⅝
16	N Y C L S col tr 3½s	73½	73¼	73½
5	N Y C M C col tr 3½s reg	71¼	71¼	71¼
2	N Y C & St L 1st 4s	91	91	91
10	N Y Railways ref 4s	70	69¾	70
55	N Y Railways adj 5s	47½	47	47½
10	N Y Telephone gen 4½s	97	97	97
5	Norf & West gen 6s	117⅛	117⅛	117⅛
26	Norf & West con 4s	91½	91	91½
20	North Pacific 1st 4s	91¼	91⅛	91⅛
32	North Pacific gen 3s	63¾	63½	63½
4	Oregon & Cal 1st 5s	100½	100½	100½
27	Oregon Short Line ref 4s	90	89⅞	90
3	Oregon W RR & N 4s	83½	83¼	83½
2	Pacific Tel & Tel 5s	97⅜	97⅜	97⅜
11	Penn Ry con 4½s	103½	103½	103½
56	Penn RR gen 4½s	98⅛	98	98⅛
5	Penn RR 4s 1948	98½	98½	98½
1	P C C & St L 4½s ser B	99⅝	99⅝	99⅝
10	Public Service of N J 5s	88	88	88
18	Ray Consol Copper 6s	133	130	130
16	Reading gen 4s	93	93	93
7	Rep Iron & Steel 5s 1934	94½	94½	94½
7	Rio Grande West 1st 4s	70⅛	70	70
1	Rio Grande West col tr 4s	59	59	59
1	St L I M & So gen 5s	96½	96½	96½
1	St L I M & So rfg 4s	65	65	65
1	St L I M & S R & G div	55¼	55¼	55¼
51	St L & S F 5s 1927	49	48⅛	49
5	St L & S F 5s 1927 certs	47	47	47
12	St L & S F 5s 1931	99½	99½	99½
3	St L & S F ref 4s certs	69¼	69¼	69¼
7	St Louis SW 1st 4s	73½	73½	73½
3	St Louis SW con 4s	59	58	58
7	San A & A P 1st 4s	71½	71¼	71¼
11	Seaboard Air Line ref 4s	69½	69	69½
19	Seaboard Air Line adj 5s	66	66	66
1	South Caro & Ga 1st 5s	101	101	101
2	South Bell Tel & Tel 5s	97½	97⅜	97½
3	South Pac col tr 4s	83⅜	83⅜	83⅜
119	South Pac col cvt 4s	84	83⅝	84
18	South Pac ref 4s	86½	86¼	86½
109	South Pac conv 5s	103⅞	103⅝	103⅞
11	South Pac S F Ter 4s	80¼	80	80
18	South Railway con 5s	99½	99⅜	99½
12	South Railway gen 4s	67⅞	67¾	67¾
1	Tenn C I & RR 6s B div	101⅝	101⅝	101⅝
2	Ter RR As of St L ref 4s	80½	80½	80½
2	Texas Company cvt 6s	102¾	102¾	102¾
5	Texas & Oklahoma 5s	69	68	68
65	Third Avenue adj 5s	79⅝	78¾	78¾
1	Tol & Ohio Cen 1st 5s	101½	101½	101½
4	Union Pacific cvt 4s	92	92	92
11	Union Pacific ref 4s	86⅜	86⅛	86⅛
10	United RR of S F 4s	46	45¾	46
5	U S Rubber s f 6s	102⅞	102⅞	102⅞
112	United States Steel 5s	102½	102¼	102½
4	Virginian Railway 5s	94	94	94
8	Wabash 1st 5s	102	102	102
10	Wab ref 4s Eq Tr ctfs f p	94	94	94
75	W ref 4s Eq Tr ctfs 1st pd	36	36	36
35	W ref 4s ETctfs stp 1st pd	34⅛	33	34⅛
2	Western Electric 5s	101½	101½	101½
9	Western Maryland 4s	72	72	72
1	Westing Elec Mfg s f 5s	105⅜	105⅜	105⅜
149	Westing Elec Mfg conv 5s	142	137	140¼
4	Wis Cen gen 4s	82⅛	82⅛	82⅛

COMPARISON OF BOND SALES.

Total sales Oct. 15, 1915.. $3,782,000
Same day of week last year.. Exchange close
From Jan. 1 to date.. 743,673,0
Same period in 1914.. 424,967,0

COMPARISON OF STOCK SALES.

Sh

Total sales Oct. 15, 1915.. 8
Same day of week last year.. Exchange
From Jan. 1 to date.. 13

Against the Region of Bullecourt.

PARIS, May 23.—As the result of attacks at three points in the neighborhood of Craonne last night, the French troops conquered the last of the observation points dominating the valley of the Ailette River (south of Laon) and considerably enlarged their positions on the northern slopes of the Vauclec and Californie Plateaux. They also carried three lines of trenches east of the village of Chevreux on the low ground north of Ville-au-Bois. Over 400 prisoners were taken.

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salicylicacid in these tablets and capsules is the reliable Bayer manufacture.

ROCKEFELLER GIFT OF $25,705,500

Continued from Page 1.

Murphy, Dr. Wallace Buttrick, John D. Rockefeller, Jr., Wickliffe Rose, Julius Rosenwald, Martin A. Ryerson, Dr. George E. Vincent, and Frederick Strauss.

RED CROSS TO START

providing that after Jan. 1, 1918, all persons, firms, corporations, and associations subject to the income, munitions, and excess profits tax shall remit for their taxes when returns are made. Under the existing law taxes may be paid within three months after the returns are made. Mr. Fitzgerald said this arrangement imposed needless bookkeeping upon the Treasury Department.

Increase of second class postage rates on advertising portions of publications is proposed in an amendment to the War Revenue bill introduced today by Senator Hardwick of Georgia. It would leave the present cent a pound rate on news sections of publications, but increase that of advertising portions to 3 cents a pound until July 1, 1918; 6 cents a pound until July 1, 1919, and 8 cents a pound thereafter.

REPORT TORPEDOING OF AN AMERICAN SHIP

Marine Men Hear That 8,000-Ton Vessel, Formerly German, Was Sunk in Mediterranean.

An unofficial report was circulated yesterday in shipping circles that an eight-thousand-ton steamship flying the American flag and formerly of German registry had been torpedoed and sunk in the Mediterranean.

Shipping men said that the only one of the German ships answering that description which had sailed from New York recently was the Tras Os Montes, formerly the Bülow, which was interned at Lisbon and later in the war was seized by the Portuguese Government.

The steamship left New York a month ago for Havre under charter to the French Government with a Portuguese crew and flew the flag of that nation. It was possible, shipping agents said, that she might have been loaded again at Havre for an Italian port; but she would not have been under the American flag.

The Tras Os Montes came to New York under charter to the Canadian Steamships, Ltd., to run on the passenger service between New York and Bermuda, but it was decided she was not needed on account of the falling off of traffic due to the war. She was a twin screw steamship built at Geestemunde in 1906 for the North German Lloyd passenger and freight service from Bremen via the Suez Canal to China and Japan, and was 462 feet 4 inches long, of 8,065 gross tonnage, 57 feet 6 inches beam, and 36 feet depth of hold.

DUTCH CRITIC DERIDES OUR AID TO THE ALLIES

Calls Promise of Pershing Division a Bluff, Our Preparations 'Senseless Advertisement.'

Special Cable to THE NEW YORK TIMES.

THE HAGUE, May 23.—The military critic of De Nieuwe Courant expresses contempt of the help America is likely to give the Entente in the course of this war.

"Why do they pretend to be so silly?" he asks. "Will they never take this war seriously? Whom do they expect to intimidate with their senseless advertisement—the Central Powers or the neutrals?"

He then observes that the report that an American division will soon fight in France is sheer bluff. "Ach!" he says. "That story of General Pershing coming is all humbug, misplaced and childish boasting for such a serious war."

He asks what is the use of sending a squadron of American destroyers when "the whole British fleet cannot tackle the submarine danger."

Finally he remarks that the volunteer system is to have preference in bringing the American army to war strength. "We know," he says, "what difficulties, disappointment, and delays the volunteer system produced in England, which was so close to the war, and can guess how much worse will be the case in America."

ONE MAN TO BUY ALL WAR SUPPLIES

Continued from Page 1.

gard it as likely that the new commission will take over many duties of the council, including the duty of keeping in close touch with transportation facilities.

Meantime the purchases of the Allies in this country are progressing about as usual, with the important addition that the Government already is keeping in close touch with the manner in which they are spending money lent to them, and in some cases actually directing how it shall be spent. Thus, in the case of Russia, American officials are seeming to place advantageously orders for 500 locomotives and 10,000 cars. This equipment is needed at the earliest moment, it is understood, but the Government has undertaken to see that there shall be no unsettlement of business conditions in this line due to the placing of so large an order.

Britain's Huge Purchases.

Plans for the commission cast an interesting sidelight upon the prospective needs of the Allies and the methods pursued in the past of making purchases here. Statistics, never published but laid before American officials, tell in many formidable tabulations, often startling in their import, of the obligations given by foreign Governments here and of the purchases made.

The full amount of allied purchases in America since the war started probably will be made public soon. The figures are understood to reveal that the part Great Britain is reputed to have played as banker here for all the Allies has not been overestimated. The record of virtually all the money she has spent here for herself and her allies is under close scrutiny as an index to future requirements.

Contracts entered into before America formally accepted Germany's challenge to war still are in effect in many cases, and some of the funds supplied the Allies are being applied on these contracts. In many instances, it is understood, Great Britain pledged her credit for supplies to go to her allies, notably Russia, and the adjustment of the tangled skein of agreements involves days of intensive effort which must elapse before the proposed new agreement will become entirely effective.

Russia's demands are revealed as extremely heavy. The report of the British commission, headed by Lord Milner, which went to Russia early in the year and made an exhaustive study of her requirements, has been placed, verbatim, before the American officials. The report is understood to reveal that Russia is in a position to utilize virtually all the supplies, many of a non-military nature, for which transportation facilities can be found. Some of these supplies will be sent from Great Britain, some from other allied nations, and some from the United States. The report is complete for the year of 1917 and discloses, among other things, Great Britain's confidence that Russia will continue to remain an active factor in the war.

How much of the burden of Russia's needs will be assumed by this country is to be determined and probably will be the subject of suggestions by the commission headed by Elihu Root.

The program has not yet reached the stage where it can be said definitely to what extent the United States will be called upon to finance the Allies during the first year of war. Indications are, however, that the $3,000,000,000 loan already authorized hardly will be sufficient.

To Change Russian Envoys.

Special Cable to THE NEW YORK TIMES.

PETROGRAD, May 22. — M. Paléologue, the French Ambassador here, who has left for Paris, will not return.

Russian diplomatists abroad will be replaced by men who are in agreement with the new foreign policy.

NEW PEACE EFFORT ON AUSTRIA'S PART?

Amsterdam Catholic Organ Hears the Emperor Will Act at the Pope's Instigation.

WANTS POLISH CONCESSIONS

Charles Hopes to Place Austrian on the Throne — Banking on Peace with Russia.

AMSTERDAM, May 23, (via London.) —The Roman Catholic newspaper Tijd says that it understands on good authority that in accordance with the wishes of Pope Benedict the Austrian Court is initiating a new peace effort.

LONDON, Friday, May 24.—The Amsterdam correspondent of The Times, referring to rumors of a Catholic peace move, says that it has been repeatedly stated in Vatican circles that Mgr. Pacelli, the new Papal Nuncio to Munich, bears an autograph letter from Pope Benedict for the King of Bavaria and Emperor William.

These reports, the correspondent adds, are to the effect that it is certain that the Nuncio is taking important communications for both Governments, concerning which the greatest secrecy is being observed.

Special Cable to THE NEW YORK TIMES.

LONDON, May 23.—Information has been received in authoritative quarters here suggesting that Austria is endeavoring to induce Germany to promise that the head of the revived Kingdom of Poland shall be an Austrian Prince. Developments are being watched with great interest, as indicating either that Germany feels the necessity of making concessions to her ally in order to counteract tendencies toward making a separate peace which have recently developed in the Dual Monarchy, or that Germany's military grip on Austria is less strong than is usually supposed. It is believed that any concession on the point of the Polish Kingship would be extremely distasteful to Berlin, and if it should be made it would be interpreted as clearly showing that Germany realizes that she must humor Austria to keep her in line.

BANKS ON PEACE WITH RUSSIA.

Austria's Only Hope Said to Rest on That and a Good Harvest.

Hopes of peace with Russia and of this year's crops being better than those of last year have during recent weeks been the sole factors in whatever optimism existed in Austria-Hungary concerning the outcome of the European war, according to a staff correspondent of The Associated Press, who has just returned from Vienna.

It was thought that if Austria reached an understanding with Russia that would incline the Entente Goverments to enter negotiations for peace, or that in the event of such an inclination on their part the troops of the Central Powers on the east front would be released for operations against the Italians and the Allies on the west front. This failing, a crop as good as, or better than, last season's appeared to most classes the only cause for seeing anything bright in the future. The Government shared this view, and this led to several attempts by it to give the Russians to understand that peace with the Central Powers could be obtained under conditions considered favorable in Berlin and Vienna.

Those concerned in the matter of food conservation in Austria-Hungary realize that only the very best of seasons could give the country a crop as good even as last year's. The country was before the war an exporter of foodstuffs, and the area of arable lands does not enter into the question of war crops. For land not cultivated intensively good production in the monarchy has become largely a matter of fertilizing. This is especially true of Hungary. Farms depending upon intensive cultivation have fallen short in crop returns principally for the reason that the necessary labor has not been available.

Though the potash fertilizers of Germany are available to Austria-Hungary, every demand made by farmland fertilization is not met by them, for the reason that these supply but a part of the elements needed to foster a vigorous plant life. In the past these elements have been provided by stable manure for intensive farming and phosphorous fertilizers imported from abroad. The latter can not be secured at present, and manure has become scarce owing to the great reduction in live stock due to the war.

Farming in Austria-Hungary, as in Germany, has for the last two years taken much more out of the soil than it was possible to return to it, the result being that two crops have been raised on what may be considered as being the reserve store of the elements needed to produce a crop. With the duration of the war the possibilities of keeping the soil in good condition have decreased constantly, so that today most farmland in Central Europe may be considered as being on the verge of exhaustion. The weather this year could not produce a good crop, according to many landowners with whom the matter was discussed.

The shortage in farm labor also argues against a good crop this year. Most of the farming is done by the women, the older children, men unfit for military service, and prisoners of war. The quality of the labor has been rather better than was expected, but it falls short by far of what the men in the trenches could do. Not alone is the ploughing and cultivating indifferently done, but the hands available are in many cases unable to cultivate the area allotted to them. Last year, for instance, much grain was ruined by being too long in the fields after ripening, rain spoiling it.

A lack of vitriol, principal ingredient in spraying solution used to free crop plants from parasites, has also been a serious factor in poor crop returns in the monarchy. In many parts it has led to total failures in potato crops, and many of Austria-Hungary's splendid vineyards and orchards have been ruined because vitriol, being a copper product, could not be obtained.

SAYS ENGLAND'S AIMS AGREE WITH RUSSIA'S

Cecil Indorses Petrograd Statement—Papers Sure Allies Are in Accord.

LONDON, May 23.—Replying in the House of Commons today to criticisms from Russia of his speech on the war aims of Great Britain, delivered May 16, Lord Robert Cecil, Minister of Blockade, said they were based on an entire misconception of what he said.

"I laid stress," he explained, "on the fact that our aims and aspirations were dictated solely by our declaration to secure peace founded on national liberty and international amity, and that all imperialistic aims, based on force or conquest, were completely absent from our purpose. The most recent declaration of the reconstituted government of Russia is in complete harmony with this policy."

Special Cable to THE NEW YORK TIMES.

LONDON, Thursday, May 24.—The Daily Chronicle, applauding editorially the speech of Premier Ribot in the French Chamber yesterday, says:

"All the best information before us goes to corroborate this view. There is no real division between the principles actuating the leaders of the Russian democracy and those actuating the democratic statesmen of Great Britain, France, Italy, and the United States in regard to the aims for which we fight and the kind of peace we desire to crown our efforts. Those who wantonly labor to discover such a division may, of course, if they labor hard enough, end by creating one, but their effort, which is exactly what Germany wants, threatens and harms, as far as it goes, not merely the cohesion of the alliance, but the whole cause of democracy."

In declaring that the situation in Russia is too often misrepresented by Russian correspondents, The Chronicle says:

"Reference to Russian papers shows nothing easier than to misrepresent the revolutionary leaders by cabling selected phrases from their speeches. The balance of opinion, as expressed by the revolutionary leaders, seems entirely on the side of the conception of the war entertained by the western Allies. All of them condemn a separate peace. All of them profess the keenest interest in re-establishing the efficiency of their army and pulling their weight in the common enterprise. All of them realize that Prussianism must be defeated if democracy is to be safe. We see no reason to believe there will be any difference between their view and ours regarding 'annexation.'"

The Chronicle concludes by condemning those who deprecate the Russian Army or advocate a premature peace because of Russian conditions, and says:

"To do so is merely to play the enemy's game. Germany's great and only hope is to end the war by October. She is neither willing nor able to face carrying it through another Winter, hence the activity of her propaganda in Russia."

BELITTLES SOCIALIST THREAT.

Vorwaerts Says Pan-Germans Predicted Revolution First.

Special Cable to THE NEW YORK TIMES.

BERLIN, May 23.—At the last sitting of the Reichstag Philipp Scheidemann, the Socialist leader, asserted that a revolution would certainly result in Germany if the Entente Powers should insist on continuing a war of conquest. The whole house fell to booing and drowned Herr Scheidemann's further remarks, which were apparently intended to qualify his hasty prediction.

From two letters published in Vorwärts today it becomes apparent that Herr Scheidemann did not wish the Socialist Party to lag behind its principal opponent, the Pan-German Party, which as long ago as May, 1915, sought to influence the Chancellor in the same way.

At that time one of the Pan-Germans' most active and distinguished exponents in Bavaria, General Baron von Gebsattel, wrote the Chancellor a letter in the name of the Executive Committee of the whole Pan-German organization, in which he offered "a frank word as to the consequences if the war resulted in a peace not in conformity with the necessities of Germany." He proceeded to explain that there was a great deal of evidence that the Imperial Government had too closely limited the scope of its war aims, which, he imagines, the most faithful and politically most reliable circles as meaning the renunciation of the advantages accruing from our certain victory.

"My conscience bids me to warn you," the General wrote, "that such a renunciation would be a fatal political mistake, and that its next consequence would be revolution. Thereupon must be pronounced. The monarchy would be endangered, perhaps even deposed, which would be the end of our nation.

To this letter Dr. von Bethmann Hollweg replied May 13, 1915, saying that the war and its experiences had no doubt enhanced the national will, but had not succeeded in remedying lack of political understanding in "influential circles, where, to judge from General Gebsattel's letter, this lack had evidently assumed grotesque proportions.

If, as General Gebsattel said, there were signs of bitterness and even of despair among the people that pointed to an approaching revolution, then there were but two possibilities. Either it was true, and then the responsibility would rest with those men who fanned this dangerous mood, or it was not true, which would mean a threat and an attempt by the minority to force what it will the responsible leaders of the nation's advisers of the Crown."

This correspondence is now exactly two years old, but it is still interesting because of the threat of revolution made by one distinguished member of the Pan-German and Feudal set.

Herr Scheidemann's remark in the Reichstag the other day was but a mockery of the attitude of General Baron von Gebsattel, for whose remarks the Conservative Reichstag Party would certainly not have had any jeers. Two years ago General Gebsattel threatened the Chancellor with a revolution, but the German people never dreamed of fulfilling his prophecy, and if THE NEW YORK TIMES correspondent is any judge of the political situation, Herr Scheidemann's prediction will have a like fate.

CONFIRMS ALSACE PARTITION.

"Decision Has Been Reached," Hertling Tells a Hungarian Paper.

AMSTERDAM, May 23, (via London.) —In an interview republished by German newspapers from a Hungarian Paper Count Hertling, Bavarian Premier, is quoted as having said in regard to the reported partition of Alsace-Lorraine between Prussian and Bavaria:

"It is completely new and hitherto has been unknown that a decision has been reached about the position of Alsace-Lorraine."

Count Hertling expressed the conviction that the war would end by Fall and said the results of the submarine warfare were satisfactory.

MAY LET NEWSPAPER MEN GO WITH OUR ARMY

Baker Says He Favors It, but Much Depends on What French Officers Say.

WASHINGTON, May 23.—Assurances were given by Secretary Baker today that the American press would be allowed as liberal representation as practicable with the first expeditionary force to be sent to France under Major Gen. Pershing. Because the troops are going to French soil, he said, it is deemed necessary to reach an understanding in advance with the authorities there as to the limitations to be placed upon the publication of information which might be of value to the enemy.

General Pershing will report to the department as soon as he has talked the matter over with French officials and arrangements of correspondents to accompany the troops will then be made.

Secretary Baker indicated his own desire to tell the American people just as much as possible of what American troops are doing while at the front.

LAUDS AMERICAN AIRMEN.

Dutch Author Denies Stories of Failure of American Airplanes.

Special Cable to THE NEW YORK TIMES.

THE HAGUE, May 23.—The Dutch author Van Meel, who arrived here by the Ryndam, makes an interesting statement in the Telegraf regarding American aviation. He denies indignantly stories circulated in Holland to the effect that machines bought in America for the Dutch Indies have been failures. He explains that, owing to the mass of production, the American machines do not display the high grade of exactitude of the European machines used since the war, but says they are nevertheless very serviceable.

Up to the present aviation has been encouraged mainly as a sport in America, Americans are devoting themselves to air tricks which make Pegoud's look cheap, the endurance record being held by a woman in a trip from Chicago to New York.

"But now America has gone into war," he concludes, "we shall see what she can do. Flying men are being trained and factories fitted for production. American energy will make itself felt in this connection, for Americans stop at nothing, and when once they tackle a job they do it well."

No U-Boat Protest by Mexico.

MEXICO CITY, May 23.—Ernesto Garza Perez, in charge of the Foreign Office, denies that Mexico has made any representations to Germany on the submarine issue. A dispatch from Amsterdam, which stated that the Mexican Minister to Germany was believed to have protested on behalf of Mexico against unrestricted submarine warfare, was shown to Señor Perez. He declared the Mexican Government had not authorized any such representations, and that Mexico had nothing to say to Germany on this subject.

Times.

THE WEATHER
Fair, continued cool today and Friday; strong northwesterly winds.
For full weather report see Page 23.

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WARNS AMERICANS TO TAKE NO PART IN PEACE CONCLAVE

Lansing Denies Passports to Socialist Delegates to Stockholm Convention.

CITES SEVERE PENALTIES

Logan Act of 1799 Fixes Three Years in Prison and $5,000 Fine for Such Activities.

SOCIALISTS ARE INDIGNANT

Hillquit, Lee, and Berger Denounce State Department's Course as a Blunder.

WASHINGTON, May 23.—Emphatic disapproval of the peace propaganda of European Socialists was expressed today by the American Government, which denied passports to American delegates to the Stockholm conference and issued a warning that any American taking part in the negotiations would be legally liable to severe punishment.

No formal announcement of purpose was issued, but officials explained that the Government's course would have the twofold effect of discrediting generally any peace moves by unauthorized persons and of condemning in particular the present Socialist agitation, regarded since its inception as inspired by Germany.

In making known the decision not to give passports to the American Socialists designated to take part in the Stockholm conference, Secretary Lansing cited the Logan act of 1799 as defining the punishments which might be expected by any American now in Stockholm or who might go there without a passport and participate in the peace discussions. Under this law unauthorized persons who directly or indirectly treat with foreign agents regarding controversies of the United States may be imprisoned for three years and fined $5,000.

The American delegates to the conference, authorized to represent the American Socialist Party over the protest of some of its foremost members, are Victor L. Berger of Milwaukee and Morris Hillquit and Algernon Lee of New York. They were selected by the party's Executive Committee after a notable group of Socialists, headed by Charles Edward Russell and William English Walling, had condemned the movement in a joint statement as "the most dangerous of all the Kaiser's plots."

Delegates Pro-German.

The same statement denounced Hillquit and Lee, who are Socialist writers, as radically pro-German. Berger, a native of Austria-Hungary, has been editor of several German language newspapers in Milwaukee, and in 1911 was elected as the first Socialist to sit in Congress.

American diplomatic agents abroad have kept a close watch on the Socialist movement and their reports are understood to show clearly that the plan for a conference at Stockholm had its origin in Germany, and has met with the active encouragement of the German Government. Passports already have been granted to German delegates, who will keep at the front of the negotiations the slogan of "no annexations," interpreted here as a cardinal feature of Germany's program for a truce to further consolidate a great Central European empire.

Russian Socialists also have selected delegates to the meeting, as a result, it is believed here, of German influence. It was in Russia that the proposal of "no annexations" first came into prominence, and it was taken up by the German Socialists, who have urged upon their Government an immediate declaration renouncing conquered territory in the East and West. Such proposals are regarded here as only a blind to end the war while Germany's expansion to the South is secure.

The Socialist Party of Great Britain has refused to send representatives to Stockholm, its Executive Committee declaring that such a conference "is of no real importance and can only bring ridicule on the Socialist cause."

Officials made it clear tonight that their decision should be regarded rather as a disapproval of the peace move than as a reflection upon sincerity of Socialists in this country. It was emphasized that great danger might result if unauthorized persons attempted at present to negotiate regarding peace with foreign agents who appear in reality to be the instruments of a cleverly directed German war move.

Origin of the Logan Act.

The so-called Logan act, under which Secretary Lansing pointed out that such attempts could be punished, was passed by Congress in 1799 after Dr. George Logan, a member of the Society of Friends and a leader in Pennsylvania politics, had made a tour of France on a self-constituted mission calculated to close the widening breach between the American and French Governments. At that time diplomatic relations between the two countries had been severed and there was every indication that war soon would follow.

The act reads:

Every citizen of the United States, whether actually resident or abiding within the same or in any foreign country, who without the permission or authority of the Government, directly or indirectly, commences or carries on any verbal or written correspondence or intercourse with any foreign Government or any officer or agent thereof with an intent to in-

Continued on Page 2.

Belgium Is Assured of Russian Support

HAVRE, May 23.—Baron Beyens, the Belgian Foreign Minister, today received a telegram from Michael Tereschtenko, the Russian Foreign Minister, in which he greeted Belgium, and declared:

"Russia will continue to pursue this war, not for the purpose of conquest or envy, but to assure all nations the right to shape their own affairs and to secure a peace guaranteeing against new attacks."

Baron Beyens sent this message in reply:

"Belgium, the victim of a most odious aggression and struggling for its existence, greets with joy the assurance Russia gives, through you, that she will pursue this war until the establishment of a peace guaranteeing against new attacks."

ROCKEFELLER GIFT OF $25,705,500

New Donation Makes Endowment of Foundation More Than $125,000,000.

$10,000,000 FOR WAR NEEDS

Trustees Set Aside Great Sum to Meet Present and Future Obligations.

The Rockefeller Foundation announced last night, through Dr. George E. Vincent, its newly appointed President, who assumed office on Monday, that John D. Rockefeller had made a gift of $25,765,500 to the Foundation on Feb. 23, which makes the total endowment more than $125,000,000.

Announcement was also made by Dr. Vincent that the Board of Trustees at a meeting yesterday voted to set aside $10,000,000 to meet present and future obligations arising out of the war. Should this money be entirely spent before the next meeting of the Board of Trustees on Jan. 8, 1918, an additional appropriation can be made on thirty days' notice. The Board of Trustees also voted yesterday to make the following gifts:

To the permanent endowment fund of the Rockefeller Institute for Medical Research	$2,000,000
To the School of Hygiene and Public Health of the Johns Hopkins University, Baltimore, to cover the 1916-1917 budget	70,200
To the Mobile Motor Hospital unit of the Medical School of Yale University	25,000

Discussing the gifts and the contemplated work of the foundation, Dr. Vincent said:

"The board found itself in the position after making its gifts that it was not possible to meet the present and future obligations arising out of the war without encroaching on the principal. It was, therefore, decided to set aside the $10,000,000 to meet the growing needs of the work which is being carried on.

"For example, the work of the Institute for Medical Research has developed so rapidly since the war, and the demands made upon it have increased to such an extent, that the annual expenditure has exceeded the income from the endowment. In order to give the institute its permanency and independence it seemed best to increase the endowment to $2,000,000."

Dr. Vincent said that the gift to the School of Hygiene and Public Health was made in order to permit the institution to assemble its Faculty and arrange the program preliminary to the opening for students in 1918. The Foundation gave the school $167,000 last June toward the building fund.

"The Foundation is particularly interested in the proposed mobile motor hospital of the Yale Medical School," Dr. Vincent said. "The total cost of the unit will be about $167,000, and this is a contribution toward the fund. The French have already developed this type of hospital with success, and so we are watching the American experiment with interest. Under the plan it is possible to set up 100 or 200 beds with a complete operating room and food kitchen close to the firing line in a very short time. The Government will maintain the Yale unit after it is once started."

Dr. Vincent paid a tribute to the Red Cross War Council, as reorganized, and promised a "liberal contribution" to the Red Cross in the near future. Speaking of the council, he said:

"There is very great grounds for satisfaction in the fact that President Wilson has appointed the Red Cross Council with such a men as Henry P. Davison at the head and Judge Lovett on a committee. The prospects for a thoroughly organized and comprehensive plan for dealing with the whole domestic problem as well as the medical and relief work in the allied countries is sure to command confidence. There is reason to believe that the Red Cross in the near future will offer the country an opportunity to support a statesmanlike program for dealing with war problems. The foundation has faith in the administration of the Red Cross and hopes to make a liberal contribution to the funds which the organization will ask of the American people."

Dr. Vincent announced the resignation of Charles W. Eliot, President Emeritus of Harvard University, as a member of the board of the Foundation. Three new members were installed at yesterday's meeting. They were Charles Evans Hughes, Julius Rosenwald of Chicago, and Dr. Wallace Buttrick of New York. Dr. Vincent said that Dr. Eliot felt that he could not give the required attention to the work of the Foundation because of his many other activities.

The present members of the board are Simon Flexner, Frederick T. Gates, A. Barton Hepburn, Harry Pratt Judson, Charles Evans Hughes, Starr J.

Continued on Page 3.

Save $3.05 on Your New Panama.
3,000 superb Real unblocked Panamas, $6 values, at $2.95. BUNGAY, 28 So. William St.—Advt.

WAR TAX MEASURE PASSED BY HOUSE; 329 AYES, 76 NOES

Opposition Comes Entirely from Republicans—Bill Levies $1,857,000,100 a Year.

ADVERTISING TAX CUT OUT

Reduction of Tax on Auto Factories Defeated—Express Impost Reduced.

PRESIDENT APPROVES BILL

Denial by Kitchin on His Authority That He Considers the Measure "Vicious."

Special to The New York Times.

WASHINGTON, May 23.—The War Taxation bill, levying about $1,857,000,000 annually in direct taxes, passed the House late today 329 to 76, with four voting "Present." The opposition came entirely from Republicans. Representative Mann, the Republican leader, led an unsuccessful attempt to recommit the bill. He contended that the tax levy was too high and that a greater proportion of the expenses of the war should be met by bonds, with a gradual imposition of taxes.

The bill, as reported, was drawn to produce $1,810,000,000 in revenue. By adopting the Lenroot amendments, imposing higher surtaxes on all incomes above $40,000, the House added approximately $60,000,000 to that total. The House, however, eliminated the proposed tax on advertising, which reduced the total by $7,500,000, and reduced the tax on express shipments from 10 to 6 per cent. This is estimated to decrease the total by an additional $6,000,000.

Five rollcalls were taken before final approval was given to the bill. Mr. Mann's motion to recommit was defeated, 246 to 161. Some Democrats voted for this motion. The Democratic floor leader, Mr. Kitchin, made a fervent appeal for unanimous action.

Approved by the President.

As the debate closed Congressman Crisp of Georgia, a member of the Ways and Means Committee, asked Mr. Kitchin's opinion as to the truth of a story published in a North Carolina paper that the President was displeased with the House Revenue bill and regarded it as a "vicious" measure which would meet his veto if not materially modified by the Senate.

"My attention has been called to that article," said Mr. Kitchin, "and I have taken the matter up with the President. He authorizes me to say there is not the shadow of truth in that statement."

There is a general belief in legislative circles that the Senate will practically redraft the bill, with special scrutiny of the excess profits tax and the higher postage rates on newspapers and magazines.

Replying to Mr. Mann, Mr. Kitchin admitted there were inequities in the bill, adding: "What else can be expected in a wartime measure?"

"This Congress has voted for war," said Mr. Kitchin, who himself opposed the war resolution, "and we should show by our vote today that we all are willing to suffer hardships, that we are willing to go to any end for the quick and successful conclusion of this war, that peace may come to all mankind."

"I am afraid we are killing the goose that lays the golden eggs," said Mr. Mann in announcing that he would vote against the bill. "I do not believe that so great an amount should be raised by direct taxes at this time. We should meet a large part of the expenses of this war by bonds, passing tax bills as necessary from year to year, instead of levying in one bill nearly two billions in taxes."

Postal Substitute Retained.

On a roll call vote the House approved the substitute section offered last night by the Ways and Means Committee covering the increase postage rates on second class mail matter. These higher rates were approved, 256 to 150. In demanding a record vote Mr. Mann announced that if the committee substitute were rejected he would move to strike all reference to second class mail matter from the bill and leave the rates as they were at present.

The modified rates, as already announced, provide that the increases shall take effect in three stages, the minimum rates ranging from 1 1-6 to 1½ cents a pound for the first zone to 2 2-3 to 6 cents for the eighth zone.

The House voted 345 to 60 to retain the Lenroot amendments, increasing the surtaxes on all incomes above $40,000. A record vote defeated the Doremus amendment, approved in Committee of the Whole, for a lower tax on automobile factories. The Doremus amendment provided that the tax should not be levied against manufacturers making less than 8 per cent. upon capital invested. The House retained the original language of the bill, which assesses a 5 per cent. tax on the factory price of automobiles, trucks, motor cycles, and tires for the same. The vote against the Doremus amendment was 233 to 174.

On motion of Mr. Kitchin the House eliminated the proposed 5 per cent. tax on "advertising or advertising space other than in newspapers or periodicals." This tax would have applied principally to electric light, billboard, and street car advertisements. Mr. Kitchin said advertisers probably would be indirectly taxed by the higher postage rates on magazines and newspapers.

The House adopted an amendment offered by Mr. Fitzgerald of New York

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BOSTON TRANSCRIPT
JULY 6, 1917

One year ago on the sixth day of July the temperatures at 8 A. M. and at noon were 80° and 10°, respectively.

The statements from fifty-two colleges, included in the report made public today by the Carnegie Foundation, are presented in a fashion which makes them appear heartily favorable to the new pension plan proposed last year by President Pritchett. Some of them certainly are so, and all the institutions have recognized, of course, that if the Carnegie Foundation has undertaken a system which it has not the financial means to continue, then some equable means of retrenchment must be entertained. It will be matter of interest, however, to see how many of the supposedly favorable reports contain such joker clauses as were included in the statement voted by the Harvard University Council. In this statement, for example, the faculty rightly insists in its seventh clause that insurance should remain voluntary with all professors. In its eighth clause, the statement announces that any plan for providing life insurance to professors at less than the usual commercial rates would be most acceptable. Since President Pritchett had said that this end could only be gained by making insurance compulsory, and since this condition had been expressly rejected by Harvard in its seventh clause, it is difficult to see that the eighth clause has much value. Tufts only is listed in direct opposition to the Foundation's new plan as a whole, and it makes its objections from most mature study. In how far is the "approval" of other colleges offered from less than thorough understanding of the new plan's provisions?

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Office Furnishings

COLUMBIA DICTAPHONE FOR SALE CHEAP

Two sets recorders and transmitters, with shaving machine and several dozen records. In service only two weeks. WILLIAM A. HARDY & SONS COMPANY, Fitchburg, Mass.

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my 31

City of Boston

IN BOARD OF STREET COMMISSIONERS OF THE CITY OF BOSTON, July 5, 1917. Ordered:—That due notice be given that this Board is of the opinion that, in said city, a public improvement should be made, consisting of the laying out and construction of an extension of Alger street, South Boston, as a highway, from Dorchester avenue westerly, substantially as shown on a plan in the office of this Board, that it intends to pass an order for making said improvement, and that it appoints 11 o'clock A. M.,

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Date .....

PENSION PLAN FOR CITY TEACHERS IS APPROVED

CARNEGIE FOUNDATION THINKS DETAILS FAULTY, HOWEVER.

Study Has Been Made of Federal Grants to States for Agricultural and Other Education.

The Carnegie Foundation for the Advancement of Teaching, in its eleventh annual report, issued to-day, devotes considerable space to developments in... pensions for teachers, clergymen, and industrial workers, and the new plan for the city of New York is commended in general, but is considered faulty in particular in basing the amount of its pensions upon future salaries which nobody can predict, and in undertaking the great burden of service pensions irrespective of age or disability.

The report says that the recent movement for legislation in favor of grants from the Federal Treasury for vocational education makes a study of the legislative history of previous grants from Federal sources of special interest. With a view to throwing light on the justification and working of such legislation and on some of the reasons underlying its promotion, Dr. Kandel of the Foundation staff has prepared a study of the legislative history of the Federal grants for education which will be published during the course of the year as a bulletin of the Foundation.

This study traces the history of the movement for the provision of facili-

ties for agricultural education and the agitation for a share of the Federal resources for this purpose. The connection of Senator Morrill with this activity and the influences that affected him are indicated. The debates in Congress on the different bills are analyzed to discover what educational conceptions were in the minds of the legislators and whether other considerations weighed more heavily. Some statistical evidence is presented to indicate whether and how far the Federal resources would have met with success without the aid of State expenditure. Finally, some conclusions are drawn from the evidence as to the wisdom of distributing Federal grants for any movement before a definite conception of the needs and some formulated plan of procedure have been developed.

The report shows a total endowment of $14,250,000, an accumulated surplus of $1,327,000, and an annual expenditure of $779,000. Of this $39,000 was spent in administration, $47,000 in educational enquiry, and $687,000 in retiring allowances and pensions. During the year 30 retiring allowances and 16 widows' pensions were granted, the average grant being $1,703. The total number of allowances now in force is 331, the total number of widows' pensions 127, the general average being $1,553. The total number of allowances granted since the beginning of the foundation is 685, the total expediture for this purpose having been $4,910,000.

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BOSTON TRANSCRIPT
MARCH 5, 1917

Gronna of North Dakota, Kenyon of Iowa, LaFollette of Wisconsin, Norris of Nebraska and Works of California.

ANNUITIES, NOT PENSIONS

It is the first duty of the governor, the General Court, and everyone interested in old-age pensions, whether for or against, to give thoughtful study to the bill which has just been introduced by Representative J. Weston Allen. It would merit this attention if it were only for the evidence given by the bill that much careful thought went into its making. There is another and greater reason commending it.

When Governor McCall delivered his inaugural address, the chief contribution he made was in the affirmation of certain ideals of social justice. As such the address performed a signal service. Without doubt it pointed the way of the State in the direction in which the people's voice today wills that it should move. Performing this service in the field of ideals, it must be admitted, however, that Governor McCall made no very ardent effort to discover precisely what was the next practical step, in the hard and fast field of accomplishment, which the State might take without leaping too suddenly forward. It was not his task to do so, he may aver. The General Court, and the committees and commissions appointed by it, had that task in hand. Well, the importance of Representative Allen's bill to the General Court is precisely this—that it does appear a conscientious and thoughtful effort to take the next step next, allowing all possible room for progress in the future but burning no bridges behind it.

In the first place the bill is founded on a principle which these columns have always indorsed. In invoking the aid of the State toward the flotation of a plan for selling annuities at a very moderate rate, it does not scrap the old principle that there should be two parties to every bargain. It calls for contribution on the part of individuals accepting the plan. Going before all the people of the State with the proffer of very substantial assistance to them in the provision of means which will take care of the people of the State in their old age, it has also the courage and the justice to ask that they should perform a service on their part, that they should contribute the capital funds which will accumulate annuities for them in their old age. In this way two important principles are saved, one moral and the other material. On the moral side, the great social and individual values of thrift are preserved. They, and the incentive to realize them in one's individual life, are not suddenly relaxed, as a system of wholly non-contributory relief must relax them. Again, on the material side, the principle of contribution helps to insure the integrity of the whole system against financial ruin, and the State from bankruptcy. On this score we have the evidence of President Pritchett, who, after ten years of study of all manner of pension plans as the president of the Carnegie Foundation for the Advancement of Teaching, makes the confident assertion that any plan of pensions or annuities which does not involve a contributory feature courts in the end its own ruin.

The full analysis and study of Representative Allen's bill would require a length of exposition not possible here, or in any one brief discussion. Much may be gleaned merely from reading the bill itself and from an inspection of its major proposals. Avoiding final commitment now to the measure as today introduced, this much may be said at once with absolute confidence: Whatever legislation the General Court passes this year, or in any year near at hand, in an effort to promote the great ideals of social justice outlined by Mr. McCall, will either recognize the first principles which this bill preserves, or else, by leaping far in advance of the times and without effort to accomplish the good of the future upon a basis of such good as we have in the present, it will involve the Commonwealth of Massachusetts in a temporary period of financial and social disruption such as only the most strenuous and intelligent re-constructive efforts can ever bring to an end. We are passing out of an age of intense individualism, when the great values and benefits of individual initiative and personal enterprise have accomplished much for humanity, but when they also have proceeded to extremes at which they cease to be values, and become menaces, requiring the superior hand of the State to check them with the reminder, "Everybody is better than anybody." Beyond doubt we are passing into a new era of social action. But the prime necessity is this—that the transition should not be abrupt, catastrophic, and wantonly destructive of existing individual values and rights, but sane, measured and slow, even as a wisely conducted life is itself. In this particular instance, the change must come in some such conservative way as Representative Allen's bill points.

THE VOICE OF NEW ENGLAND

Bishop Lawrence surely has the right to

Door, when it is desired t
main open. Laundry Ba

Four Size

Jordan

and the navy. This necessity to secure quick construction may require the delay of merchant craft. In an emergency like the present the needs of the Government are paramount.

"The bill not only permits the payment of additional money to shipbuilders for quick construction and permits a suspension of the eight-hour law in the present emergency, but increases the pay of all men working on ships or munitions in Government plants whose pay is now less than $1800 a year.

"To secure this speedy construction I expect to call upon the private shipyards, ammunition makers and constructors who furnish material and skilled workers to give the navy first call. Quite a number of contractors and builders have already volunteered to do so at prices that are reasonable.

"I expect to have consultation early this week with private shipbuilders, whose plants have the largest capacity with reference to contracts for dreadnoughts, battle cruisers, scout cruisers, submarines and other ships appropriated for in the bill. Some of them have already indicated that they will be ready to meet the department in any way to expedite the building programme. It is believed that all of them will do so."

DR. SANTOSUOSSO HEADS ELKS

Elected Grand Exalted Ruler of Boston Lodge in Closely Contested Election

Dr. Joseph Santosuosso has been elected grand exalted ruler of Boston Lodge of Elks in one of the most closely contested elections ever held by Boston Lodge. Out of a membership of 2000 members, 1700 voted Sunday and it was not until five o'clock this morning that the result was known. Dr. Santosuosso won by a bare 100 votes over his opponent Logan McLean.

Dr. Santosuosso's election carries with it heavy responsibility because of the national convention of Elks which takes place in Boston in July.

Dr. Santosuosso is a Boston attorney and lives in Dorchester. He was been a member of the City Council, is active in politics and has been prominent in the North End.

Italians in Ford Hall

Italians gathered in Ford Hall Sunday afternoon to listen to Professor Antonio

Jordan Marsh Company

Matt Campbell

—His Second Season with Us

GOLF INSTRUCTION may be had of this well-known expert, formerly instructor at The Country Club and the Essex County Club. Appointments may be made by phone or otherwise.

Six-Hole Putting Green

All New England golfers are invited to the FREE USE of the green we have constructed on the Third Floor of our New Building.

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Date .....

CARNEGIE FUND GAVE $4,910,000 TO TEACHERS

Report Says Federal Grants for Education Have Been for Political Purposes.

The eleventh annual report of the Carnegie Foundation for the Advancement of Teaching, made public last night, showed that the Foundation has expended $4,910,000 in allowances to retired teachers. The report for the year ended Sept. 30, 1916, shows a total endowment of $14,250,000, an accumulated surplus of $1,327,000, and an annual expenditure of $773,000. Of this, $39,000 was spent in administration, $47,000 in educational inquiry, and $687,000 in retiring allowances and pensions. The average grant was $1,703.

The report included the replies from fifty-two institutions associated with the Foundation concerning the new contributory plan of insurance and annuities proposed by the Foundation. The report devoted much space to developments of plans for the pensioning of teachers, clergymen and industrial workers, and recorded the co-operation of the Foundation with the Committee on Pensions of the National Education Association.

An abstract of the report made public by the Foundation reviewed the study of legal education looking to a standardization of training, and also a review of the study of engineering education. The report said: "A study of Federal aid for vocational education, now in press, traces the legislative history of Federal grants for education, reaching the conclusion that these grants have always been made for political purposes and without any well-considered educational reasons."

The report concluded with a study of 100 varieties of college entrance certificates, and presents for consideration a uniform blank.

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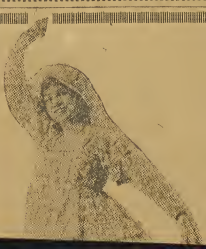

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JUNE 11, 1917

School of Household Economics—Emma M. Anderson, S.B., Boston.
School of [illegible]—Edward Kimball, S.B., Milton.
School of General Science—Mildred A. Davis, S.B., Alton Bay, N. H.

TO ABANDON FREE PENSIONS

But Carnegie Foundation's Present System Should Apply to Teachers Already in Service — Commission Recommends Annuity Insurance Plan Calling for Obligatory Participation

New York, June 11—A continuation of the present pension system for teachers already in service and a new plan for teachers still to come is recommended by a special commission appointed by the Carnegie Foundation for the Advancement of Teaching. The commission was a joint one representing the Carnegie Foundation, the American Association of University Professors, the Association of American Universities, the Association of American Colleges, and the National Association of State Universities. For years the Carnegie Foundation had been giving constant study to the pension problem in an effort to evolve a system that would be fair to the teacher, financially sound, and within reasonable cost.

The commission recommended to the trustees of the Carnegie Foundation, as the fundamental principles of a sound pension system for teachers, the following:

The function of a pension system is to secure to the individual who participates in it protection against the risk of dependence due to old age or to disability.

The obligation to secure this protection for himself and for his family rests first upon the individual.

Men either on salary or on wages are, in the economic sense, employees. The employer, whether a government, a corporation or an individual, has a direct financial interest in the establishment of some pension system which shall enable old or disabled employees to retire under satisfactory conditions. The obligation of the employer to coöperate in sustaining a pension system is primarily a financial one, and in the second place a moral one.

A pension system designed for any group of industrial or vocational workers should rest upon the coöperation of employees and employer.

Teachers' pensions should be stipendiary in character, amounting to a fair proportion of the active pay.

In acturial terms a pension is a deferred annuity upon the life of one or more individuals, payable upon the fulfilment of certain conditions.

In order that an individual participating in a pension system may be assured of his annuity when due, one condition is indispensable: There must be set aside, year by year, the reserve necessary, with its accumulated interest, to provide the annuity at the age agreed upon.

A pension system conducted upon the acturial basis of setting aside, year by year, the necessary reserve is the only pension system whose cost can be accurately estimated in advance.

A method by which a pension is paid for in advance in annual or monthly instalments is the most practical plan which can be devised for purchasing a deferred annuity, provided that the contributions begin early in the employee's career.

A pension system should apply to a group whose members live under comparable financial and economic conditions. To attain its full purpose, participation in the pension system to the extent of an agreed minimum should form a condition of entering the service or employment, the members of which are coöperating in the pension system.

With regard to the present pensions of the Carnegie Foundation, the commission expresses the opinion that the extension to all teachers now in the associated institutions of the pri[illegible]ntinuing in the present system[illegible]meet their expectations. I[illegible] information whether [illegible] sary to do this can be

be represented by a committee of its own in the conduct of the war. This demand has found utterance in the resolution for the creation of a Committee on the Conduct of the War offered sometime ago by Senator John W. Weeks of Massachusetts and pigeon-holed in the office of the Committee on Rules. President Wilson apparently has no desire that such a committee be established, and members of his own party are chafing because of his unwillingness to say the word that will place Congress in closer touch with the doings of the day. Mr. Wilson never has had much use for Congress anyway, except to get what he wanted out of it. Whenever Congress showed a disposition to refuse him anything he would call in the Democratic leaders, crack the party whip over them and tell them to get busy rushing the measure through. Until the present extraordinary session they have submitted to this dictation with wonderful docility. The Republicans of Congress have been ignored altogether, until of late, when many of the Democrats having shown a disposition to do a little thinking for themselves, Republican members have been called in that the situation might be given a non-partisan or bi-partisan aspect. But when it comes to recognizing any special committee of Congress created for the express purpose of coöperating with the Administration in the conduct of the war, the President apparently has preferred to be let alone.

Situation May Come to a Head

As already intimated in despatches to the Transcript, this matter may come to a head before long. Senator Weeks in due time, if the Committee on Rules remains impassive, may move to discharge the committee and thus precipitate the whole issue upon the floor of the Senate. Congressmen are driven wild by letters from their constituents relative to affairs "down town" of which they have no knowledge whatever, and a powerful sentiment in both parties favors a closer rapprochement between Congress and the powers that be. Cabinet officers also are embarrassed by what they know to be the state of mind of the legislators and they are profuse in their invitations to senators and others to "drop into the department and see what we are doing." But such a course of education is regarded as hardly practicable by the men at the Capitol, who declare that they are entitled to know something about the business of the Government without being compelled to run around individually and find it out. Relations between [illegible] and the executive department present under some [illegible] believed if the issue can [illegible] open.

W. E. B.

CARNEGIE POOR AFTER BIG GIFTS

Money Given Away Totals $350,000,000.

HAS $20,000,000 LEFT

Ironmaster Refuses Many Chances to Profit.

Andrew Carnegie has a fortune today of only $20,000,000. Of the vast wealth which the ironmaster possessed when he started giving away his money twenty years ago in conformity with his principle of dying poor, that is all he has left. He is now far down on the list of America's rich men.

Mr. Carnegie has given away about $350,000,000. If interest were to be included on some of the funds he has set aside the total would reach nearly $400,000,000. This sum he has given away in pursuance of his belief, as expressed by Dr. Henry S. Pritchett, president of the Carnegie Foundation, in his address Wednesday in Pittsburg, that the man who dies possessed of great wealth and who devotes no part of it to the public use has failed in life.

The $20,000,000 which Mr. Carnegie has left he has devised in his will almost entirely to charity. Very little will go to his family. Thus, when his will is made public, it will be found that he really made good his boast of dying poor. There is, strictly speaking, no record like his in this or any other country.

The actual amount of Mr. Carnegie's present fortune was disclosed to THE SUN yesterday by one of the ironmaster's closest friends, a man who has had the direction of the disposal of much of this great wealth. While preferring that his name be not used, this friend made it clear that he believed the time had come to make known the extent of Mr. Carnegie's wealth to-day in proof of his deep sincerity of purpose and of the manner in which he had carried out his formula of the responsibility of private wealth.

Remarks Lead to Inquiry.

It was the remarks made by Dr. Pritchett at the Carnegie birthday celebration in Pittsburg that led THE SUN to make inquiry as to the exact wealth to-day of Andrew Carnegie. In that address, occasioned by the eightieth birthday of the ironmaster and Pittsburg's benefactor, Dr. Pritchett spoke of Mr. Carnegie as possessing now only a "moderate fortune" after having given away nearly $400,000,000. He declared that he had made vital the conception that the owner of great wealth was a trustee for the public, obligated to divide it for the public use.

"The most noteworthy thing about Mr. Carnegie's preaching of the doctrine of the consecration of wealth," Dr. Pritchett added, "is the fact that his practice has squared with his preaching. The great bulk of his accumulations, nearly $400,000,000, has been turned back by him to the public to be used in the cause of human betterment. He is today a man of moderate fortune."

Naturally this utterance by the head of the Carnegie Foundation served only to increase the speculation concerning the actual extent of Mr. Carnegie's present wealth, speculation which has been indulged in generally ever since Mr. Carnegie began years ago to announce his immense benefactions. That most of the computations made have been far from the mark is indicated by the facts disclosed yesterday. It had been estimated in some of these that Mr. Carnegie's wealth was at least $100,000,000.

It was when a definition was sought of President Pritchett's term "moderate fortune" that the close friend of Mr. Carnegie's was induced to give the real figures of the ironmaster's present wealth. He coupled this with the assertion that, of course, fortunes were largely relative; that the term "moderate" when applied to a fortune in the case of a man who had given away nearly $400,000,000, was not to be accepted as meaning the same as in the case of a person of the average competence.

No Desire to Make Money.

But, however small a fortune of $20,000,000 may be relatively in comparison with the amount of Mr. Carnegie's total benefactions, it does not mean, as this close friend of Mr. Carnegie explained, that the latter believes he has fulfilled his purpose. It was in this connection that this friend made known the fact that Mr. Carnegie's will devises almost his entire remaining wealth to charity.

Mr. Carnegie's immediate family consists of his wife, who was Miss Louise Whitfield, and their daughter Margaret, now 18 years old. He has two nephews, Thomas Morrison and William Coleman Carnegie, the sons of his brother Tom. It will be only a comparatively small inheritance which these will receive when the one time Carnegie fortune is taken into consideration.

It was explained by this friend of Mr. Carnegie's that not since he first started giving away his fortune has the ironmaster attempted to make money. He has refused, for example, to buy a single share of stock in any corporation or to go into anything which while promising increased wealth for him involved the hazards of business. He has consistently for years kept his money in either bonds or real estate.

"CONSTANTINE AND SERBIA."

Allied Cabinets Unpardonably Blind as to His Views.

To the Editor of The Evening Sun—

Your editorial "How Constantine Destroyed Serbia" no doubt correctly [illegible]thoms the reasons for Serbia's awful [illegible]ght, but nevertheless a terrible blame [illegible]ts on one or more of those controlling [illegible]e grand strategy of the Allies, for [illegible]ich punishment too severe can hardly [illegible] meted out, because the blunder was [illegible]e of sheer stupidity, was a continuing [illegible]under whose inception took place nearly [illegible]ne months ago, and was at the same [illegible]ne intimately associated with another [illegible]rhaps equally great failure of the [illegible]lies.

The Dardanelles campaign was in its [illegible]iginal conception nearly perfect, both [illegible]om a political and from a military [illegible]andpoint. Venizelos on behalf of [illegible]reece had promised the cooperation of [illegible]small army as a land force. At that [illegible]ne Russia was in Galicia and nearing [illegible]racow. Bulgaria, while on bad terms [illegible]th both Turkey and Serbia, was as [illegible]tween the Teutons and the Allies [illegible]ther inclined to favor the latter. Co[illegible]eration of Greece meant almost cer[illegible]inly Bulgaria's aid against the com[illegible]on enemy to the south, instead of [illegible]ainst Bulgaria's enemy to her west; [illegible]e differences between Bulgaria and [illegible]reece and Serbia composed in action [illegible]ainst Turkey, the common enemy of [illegible]em all, and in addition Rumania, re[illegible]ved of the menace to her south, free [illegible]act against Hungary; Turkey quickly [illegible]d surely done for and the history of [illegible]e Galician and Poland campaigns per[illegible]ps completely changed.

Constantine vetoed Venizelos, threw [illegible]m down hard in fact, thereby giving [illegible]rtain notice to any one at all familiar [illegible]th the ways of the Eastern rulers that [illegible] was definitely committed to the [illegible]uton cause.

Strictly military strategy then re[illegible]uired the abandonment of the Dar[illegible]nelles enterprise, but as it has not been [illegible]ade clear whether or not its prosecu[illegible]on was necessary to hold Russia in [illegible]e, no British or French strategist can [illegible] yet be held to blame for going ahead. [illegible]olding Russia than was worth many [illegible]nes the losses suffered.

There was no excuse, however, for [illegible]sking Serbia's safety. Greece's hand [illegible]ould have been forced at once or an [illegible]my sent to Serbia large enough to [illegible]rve as a certain check on Bulgaria, on [illegible]reece, or on both, and to make possible [illegible]vasion from the south and east a

Millions and Common Sense.

Even should Mr. Carnegie's remainder prove as low as $20,000,000, and there are some well founded doubts of the accuracy of this estimate, he could not yet be called a poor man. Dr. Pritchett has described him as only moderately wealthy, but this, too, seems too much like satire. It must be understood, however, that the comparison is not being made with fortunes, even great fortunes, in general, but with the one arrestingly colossal accumulation which Mr. Carnegie has so largely disposed of, much in the manner of the steam shovels which cut through Culebra. Only it has taken him longer to effect his cut, while he still shares with Colonel Goethals the obligation of constant excavation to keep it free of slides.

Mr. Carnegie should be heartily congratulated not only on the size of his accomplishment, but on the sound sense which for the most part he has brought to it. Americans are beginning to learn that multi-millionaires with tender sympathies are something of a nuisance unless they embellish their philanthropies with the same shrewd human understanding which marks the conduct of their vast business interests. There were fears, for example, that Mr. Carnegie's passion for peace had outstripped his judgment. But that was before Europe burst into flame. Since then his tactful silence has seemed not the least of his golden beneficences to a sorely tried world, and for it we can forgive him a great deal of the vain gesticulation which preceded it.

Mr. Carnegie, in fact, has given away his hundreds of millions and retained his dignity. He has yet to propose an "Atlantic joy ride"; he is fitting out no "argosy of peace." After eighty years of a Napoleonic life (industrially speaking) he appears much further from his dotage than a certain comparatively youthful disciple from Detroit who for once shall be nameless. He has earned the world's respect while failing to effect world peace. His disciple, it is hardly necessary to say, will obtain neither.

King often stays up far into the n
awaiting telegraphic replies to
appeals, so that he can forward t
contents at once to waiting relative

"All the telegraph lines are
busy in attending to this corresp
ence which has reached 2,500 messa
a day."

NO GIFT TO DANE
IS GERMAN HIN

Berlin Not Likely to Cede Sch
wig-Holstein as Reward fo
Neutrality.

London, Nov. 28.—A Copenhagen
patch to the Exchange Telegraph C
pany says:

"The German government, in a p
lamation issued at Schleswig (capit
the province of Schleswig-Holstein)
ferring to the reversion of this t
tory to Denmark after the war, ei
as a gift from Germany's enemies o
a reward from Germany for Denma
neutrality, states that military op
tions do not encourage the specula
that Germany can give anything a
and it would be unfair to Denmar
suppose the maintenance of her s
neutrality should be dictated by h
of foreign payment."

Remarkable reports are in circula
in the Danish capital regarding
treatment of Danes in the north
Schleswig-Holstein. There are
over 100,000 inhabitants of Danish
traction and of Danish tongue in
territory, and ever since they came
der Prussian rule there have b
charges that the Danes suffered pe
cution, although for some years be
the outbreak of the European war
trouble had nearly ceased.

It is now charged that the Danes
meeting with new affronts. Ger
commanders have been drawing
black lists of the South Jutlanders,
are being punished with severity.

Danish newspapers in the prov
are subjected to the most rigid cen
ship. The "Heimdal" was suppre
for eight days because it failed to m
tion the birthday of the German
press, according to the editors,
added that their protests that the
press had expressed the desire to
the day quietly did not serve to n
the authorities from their stand in
matter.

Schleswig-Holstein is a provinc
Prussia formed out of the duchie
Schleswig, Holstein and Lauenb
formerly belonging to Denmark.

TIGRIS

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attack.

MR. CARNEGIE AT 80.

Mr. ANDREW CARNEGIE has been called the happiest rich man in the world. He is certainly rich, very rich as fortunes go, yet for many years his unceasing flow of good spirits, his cheerfulness, his optimism, have reflected that state of mind and soul that men call happiness. Mr. CARNEGIE has been happy because he chose the right road to happiness. He lived laborious days in amassing his great fortune and no doubt there was joy for him in that, but we are confident that he has found yet greater joy in spending his money. Some years ago he took it as a rule of conduct that it was disgraceful for a man to die rich. To escape that reproach he had much to do, for he was a man of great possessions, but he applied himself to the task with unwearying zeal and with a good deal more than zeal. Mr. CARNEGIE has never been a thoughtless giver. He has not spared himself the toil of research and inquiry, the pains of taking thought how he might give in ways that would be most useful to his fellow-men. His innumerable minor benefactions, even the least of them, and the great foundation which bears his name, have been the subject of much study, of planning and of faithful effort to determine in what manner his beneficent purposes might best be carried out. Since his retirement from business that has been his occupation, his enjoyment, the source of his happiness.

Mr. CARNEGIE is about the most human millionaire the world has ever seen. Money in itself interests him but slightly in comparison with the worthy things that can be done with it. So it happens that his interests have been very broad, his sympathies easily enlisted in a multitude of good and noble objects he has been asked to promote and support. He has made friends without number because he is possessed of those qualities of kindness of heart and freshness of mind, of philosophy and of philanthropy that kindle esteem and win friendship.

Today, his eightieth birthday, Mr. CARNEGIE will receive many messages of good will, expressing the hope that still greater length of years and continued happiness may attend him. It is a hope that will be cherished and expressed with full sincerity throughout the nation in the innumerable communities which have reason to be grateful to him for acts of beneficence, for the ways he has chosen of doing good to his fellow-men.

New York Times

Thanksgiving actually marks
of the cold weather period. A
we have arranged these time
Coats that are up-to-the-mo
made of heavyweight materia
defy the most frigid weather,
concessions:

Women's & Misse Coats, at $9.75

The model illustrated is just one example —the high Chin Chin collar of fur, the panel back, the belted effect with novelty pockets and flaring lines—style features that are merely representative of our wonderful collection of coats for Winter.

The materials: Corduroy, Pebble Cheviot, Tweeds, Fancy Mixtures, Kerseys, Overplaids, Zibeline, and such textile furs as "Metalam" and "Uralam."

Sizes for Misses, 14 to 20 years; for Women, 36 to 44 inches.

Juniors' $10. Swagger Coats, a

One model has deep fur collar wi
high up to the chin or with revers; o
blue cheviot, tailored on the new fl
belt with novelty pockets in one, and
on set-in sleeves.

Other youthful styles in most d
such as plain and striped Zibeline, Cor
in the most becoming styles of the se
15 and 17 years.

Girls' $7.95 Smart Coats, at $5.

A handsome style of navy blue
has Norfolk effect in back, with two
with velvet collar and belt in beco
convertible collar, turn-back cuffs ar
with velvet overlaps.

Other fine Coats for Girls, in an
ment of styles and fabrics, includin
Cheviot, many fur trimmed, in sizes

Our FURS are not only reno
excellent QUALITY, latest styl
PRICES, but for the fact that eve
guaranteed as marked—tag with th
of the fur is attached.

Coats Scarfs
Chokers Fur Tri

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1915.—Copyright, 1915, by the Sun Printing and Publishing Association.

John D. Denies Foundation Is Menace; Carnegie Has a 'Fine Time' on Stand

PHOTOS BY SUN STAFF PHOTOGRAPHER.

JOHN D. ROCKEFELLER, SR. ANDREW CARNEGIE.

Givers of $575,000,000 defending their foundations before the Industrial Commission yesterday.

Oil Financier Would Yield All of His Businesses to Labor.

John D. Rockefeller, Sr., and Andrew Carnegie, who between them have given away $575,000,000, appeared as witnesses before the United States Commission on Industrial Relations yesterday afternoon to meet the charge that their philanthropic foundations may become a menace to human liberty and the democratic form of government.

It was a glorious day for Mr. Carnegie. He chuckled his way through a carefully prepared statement of his views and then sat down to answer questions. Every rule that Chairman Walsh had made and enforced for the proper conduct of the hearing went by the board within two minutes after Mr. Carnegie went on the stand.

He began by saying that his business was "to do as much good in the world as I can," and he left with the words that he hadn't "spent a more agreeable afternoon in I don't know when."

Anecdotes and Proverbs.

Between these two sentences his humor bubbled over at every opportunity. There were 600 persons crowded into the assembly hall in the Metropolitan Life Building, and unrestrained laughter greeted each sally of the witness. Chairman Walsh and his colleagues leaned back in their chairs and roared with the rest of them. Mr. Carnegie knew the house was with him and he studded his discourse with anecdotes and proverbs that upset every effort to restore the customary dignity of these proceedings.

The contrast between him and Mr. Rockefeller was made more apparent by the clothes they wore. Mr. Carnegie appeared in a black frock coat, black bow tie and white stiff bosomed shirt. As he stood to read his statement he looked for all the world like a Scotch preacher high up in his little pulpit on the wall of the church.

Homestead Strike His Only Regret in Life, Says Ironmaster.

Mr. Rockefeller had on a business suit of mixed goods, a dark green tie with an emerald, and a gray wig. He sat down when he read his statement and during the questioning that followed.

The Standard Oil financier's appearance was a surprise. It was the intention to have him submit a written statement to the commission and the understanding was that he would not be asked to go on the stand. He happened to be in town yesterday, however, and sent word to the commission that he would be glad to appear. He passed Mr. Carnegie as the steel pioneer was leaving the stand and they smiled happily at each other.

Shoos Them All Out

Mr. Rockefeller was just saying to Chairman Walsh that if he did not read loudly enough he would be pleased to raise his voice when another wave of laughter rippled over the audience and the voice of Mr. Carnegie could be heard as he chaffed with the photographers in the front part of the big room. They had captured him as he was leaving. Mr. Walsh shooed them all out of the room, explaining to Mr. Rockefeller that Mr. Carnegie had just been on the stand and that he had upset everything.

Mr. Rockefeller did not smile during the time he was on the stand, except for the benefit of a photographer who got close to his chair. He read very slowly and distinctly for those near him. In reply to the five set questions submitted to him he said the sole motive underlying his various foundations was his desire to devote a part of his fortune to the service of his fellow men. He could not see how these foundations would become a menace. As for the disposition of the funds in case of a dissolution of the foundations he said he had never thought of that.

$324,657,399 Total of Gifts.

Mr. Carnegie proceeded first to tell how well he got along with his workmen when he was in active business. Then he told of his idea to establish foundations for the distribution of his surplus wealth, and asserted his belief that they would never become a menace to democratic institutions. In the telling he disclosed the fact that his gifts to educational and philanthropic purposes now total $324,657,399.

He chuckled to himself and smiled upon the commission and the audience whenever he spoke of the wages his men got. Here and there in his prepared statement he interpolated words, phrases or whole sentences, and there was a laugh or a thrill in every one of them. His voice trembled as he told of the strike at Homestead and of how word reached him too late to help the situation. When he came to the words of the Burgess of Homestead, who ran away and was afterward helped by him—"That was damned white of Andy"—he turned to the audience and grinned.

Having finished reading his statement Mr. Carnegie thanked the commission for the attention given to him. Asked as to the responsibility of directors for labor conditions, he said he would not consider it a director's duty to interfere unless he was made aware of an extraordinary situation.

Has Things His Own Way.

"Do you not believe, Mr. Carnegie——" began Chairman Walsh.

"Now, Mr. Chairman," interrupted Mr. Carnegie, "you say, 'Do you not believe?' That implies that you believe and that you want me to agree. I don't like that. Please be kind enough to say, 'Do you believe?'"

The audience roared again and Mr. Walsh said he would try to remember. The next explosion came when Mr. Carnegie said that he got along all right with his workmen. He referred again to McLuckie, the Homestead Burgess who had said, "That was damned white of Andy."

"Many a time I burst out laughing when I think of McLuckie," he said. "'Andy,'—there's no sympathy about 'Mr. Carnegie.' Have them call you 'Andy' and you're all right."

As the audience rolled from side to side with laughter Mr. Carnegie leaned over to the press table and murmured, "Loud laughter," which is a sine qua non of all public speech reporting in Scotland.

"We had no trouble in keeping order until you came, Mr. Carnegie," said Chairman Walsh, when he could make himself heard.

"I'm glad of that," replied the ironmaster, extending his arms and turning toward the crowd. "What an audience! See how many ladies there are here! That's one of the greatest triumphs of my life."

Raises Subject of Women.

Here the laughter and applause became a tumult and Mr. Carnegie said he would like to say something about the subject of women.

"I took a trip around the world once. I left the boys at home to do the work while I went out and played. One day in China I was sitting with the mandarins, you know the mandarins, and one of them said to me, 'The greatest work of your Christ is the elevation of women,' and that is the greatest work of Christ."

A hush fell upon the audience, there was a moment of awed silence as Mr. Carnegie looked very solemnly into the faces of those who heard him.

"Now I have just a few more questions," said Mr. Walsh.

"Oh, I'm not in any hurry," was the reply. "I'm enjoying this," and the audience was away upon its merry laughter again.

"Mr. Carnegie, do you believe that an educational institution will be wrongly influenced in its teachings by reason of the gifts made to it?"

"I can't imagine any harm coming from that."

"Now, Dr. Eliot says——," began the chairman.

"Well," interrupted Mr. Carnegie, "he ought to know. He's on one of my pensions."

The ironmaster then went on to say that it would be impossible for the trustees of a foundation to get together and promote any scheme that was dishonest, and illustrated it by saying that groups of men who get together to depress the stock market always wind up by getting into trouble.

Future World Not His Worry.

He said he never inquired what a man's beliefs were when he was offering aid.

"I don't care a fig what he thinks about a future world," said Mr. Carnegie, "if he is clean and wants to better himself.

"Do you think there should be governmental control of these foundations?"

"I don't think the United States Government or the State Legislature would do anything that would not be agreeable to me."

"Do you believe in publicity of the activities of these foundations?"

"That reminds me of the preacher who posted a notice that in his sermon he would try to answer the question, 'Why was Lazarus a beggar?' Now we had all supposed that question was settled long ago. The reason was he didn't advertise. I believe in advertising."

When he had finished Mr. Carnegie turned to shake hands with the commissioners.

"I hope you will come to Pittsburg and see what we have there," he said.

"We are going there," said Mr. Walsh.

"Oh, I'm so glad," replied Mr. Carnegie as he got down from the platform.

Mr. Rockefeller Arrives.

Mr. Rockefeller came to the stand immediately, being escorted by the sergeant-at-arms. As he sat down there was a shifting in seats and a general movement forward. For most of the persons there it was their first sight of the founder of the Standard Oil Company whose philanthropic activities have now been under investigation for three weeks here. He was accompanied by Ivy L. Lee of his personal staff and his secretary. Jerome D. Greene, executive secretary of the Rockefeller Foundation, sat in the audience with Mrs. John D. Rockefeller, Jr.

As soon as quiet was restored Mr. Rockefeller began reading his statement, including the heading. The statement, set down in question and answer form, was as follows:

Q. 1—The motives and principles which underlie the various foundations which you have established.

A.—The sole motive underlying the various foundations which I have established has been the desire to devote a portion of my fortune to the service of my fellow men. The principles have been fully set forth in the two chapters of my book "Random Reminiscences" which have already been made a part of the record of your commission.

His Special $2,000,000.

Q. 2—Your purposes and plans with reference to the expenditure of the special $2,000,000 annual fund which is reserved for your personal use by the Rockefeller Foundation.

A.—The Rockefeller Foundation was a development into impersonal form of my own personal plans of giving, followed for many years. While I desired to have the directors of the foundation free to use the funds as they might see fit, in making my last gift I reserved the right to designate during my lifetime the specific objects to which $2,000,000 of the income should be given annually, my purpose being in this way to provide for the various philanthropies more or less personal to myself and related to the places of my residence, to which I have been a contributor in the past. Under the terms of the clause of my letter of gift reserving this right it is stipulated that the objects must

be within the corporate purposes of the foundation and my designations are subject to review by the board as to that feature.

Right to Rescind Charters.

Q. 3—Your views regarding the safeguards which have been stated to be necessary to prevent such an institution as the foundation from becoming a menace to the public.

A.—I regard the right to amend or rescind the respective charters of the several foundations which inheres in the legislative bodies which granted them an entirely sufficient guarantee against serious abuse of the funds. Furthermore, I have such confidence in democracy that I believe it can better be left to the people and their representatives to remedy evils when there is some tangible reason for believing they are impending rather than to restrict the power for service in anticipation of purely hypothetical dangers.

Q. 4—The conference at Tarrytown, with regard to the affairs of the Colorado Fuel and Iron Company, at which were present Mr. Welborn, Mr. King, yourself and others.

A.—The meeting at Tarrytown therein referred to was purely social in character. Messrs. Welborn and King were spending the night with my son. He asked me to meet these gentlemen at dinner. I never had had the pleasure of meeting Mr. Welborn before. No conference took place. Such mention as was made of business matters was purely of an informal and unpremeditated nature, taking place as I sat at dinner beside Mr. Welborn.

Q. 5—Your opinion regarding the responsibility of investigators and directors for the labor conditions existing in the corporations in which they are interested.

A.—I think that the stockholders are responsible for the choice of the best men as directors. The directors are ultimately responsible for the general conduct of the business, and in discharging that responsibility it is their duty to select the best men to actually administer it. These administrative officers must have discretion and power commensurate with their responsibility. A large stockholder ordinarily would have more influence with a board of directors than a smaller one, and consequently would have a greater responsibility for the selection of directors who would see to it that the administrative officers maintained proper working conditions for their employees.

"Did it ever occur to you," queried Chairman Walsh, when Mr. Rockefeller had finished reading, "that your foundations might become a menace to our democratic Government?"

"I can't say I have had any fears of that."

"Do you think that there is any tendency on the part of educational institutions which you have benefited to modify their courses of instruction on that account?"

"I have had no occasion for anxiety in that respect."

Power to Prevent Misuse.

"What means are there to prevent such results?"

"I think I have relied upon the people who are to watch constantly what use they are making of this fund. The Legislature has the power to prevent any misuse of the fund. They cannot be more interested in doing that than I am."

"Do you think it would be advisable to have a uniform Federal charter for such foundations?"

"At the present time, and speaking for the Rockefeller Foundation, I feel that the interests of the public are well protected, just as we are. What the future might develop would be for the future to control."

Thinks Publicity Desirable.

"Do you believe in publicity for these foundations?"

"I think it would be very well, indeed desirable, that the public should know what they are doing and that regular reports be made."

"Do you think there should be public inspection?"

"I have had no occasion to contemplate anything of that kind up to the present time."

"Have you found in your experience that institutions alter their methods in order to secure gifts?"

"I never knew or heard of it. I can't imagine people wanting anything like that."

"Have you heard of educational institutions giving up their denominational charters in order to secure foundation gifts?"

"As to ours I have no idea as to that being true. As to others I do not know."

"Does the greatest power of a foundation arise from its ability to give or to withhold money?"

Virtuous to Withhold.

"It is a great power to be able to give. It may be equally virtuous to withhold. A great responsibility rests upon the men in this regard, the men who are to administer the fund."

"Do you conceive of anything wrong in putting into your charter regulations to prevent meretricious results?"

"I think that at any time anything of that sort is made manifestly desirable to these trustees they would be glad to take such a progressive, if it is progressive, step."

"Would this property go back to you if the charter act were repealed?"

"I have been so hopeful I haven't worried about that. I have a good deal of confidence in the American people in their good sense. I think you will find provisions in the charter for the distribution of the funds."

CARNEGIE'S GREAT REGRET IS THE HOMESTEAD STRIKE

In his prepared statement Mr. Carnegie reviewed at some length his relations with his employees and summed up his idea of those relations by saying that men were gradually coming to realize that capital, labor and business ability are "a three legged stool, each necessary for the other, neither first, second nor third in rank, all equal."

He touched upon the development of the steel industry and then launched into a particular description of his philanthropies, this last including a summary of the fourth annual report of the United States Steel and Carnegie Pension Fund. He said in part:

I have read with deep interest the testimony given before you by many millionaires, Messrs. Schiff, Belmont, Guggenheim, Perkins, Gary, and notably Miss Tarbell, who though not a millionaire certainly deserves to be; she seems to have a firm grasp upon the problem and proves herself one who studies the question and rightly appreciates the great progress made during her time. I agree with her statement, "Sane publicity is the cure for most evils in American industrial life." Last, but not least, thetestimony on Friday of that unaccountable being, Henry Ford, who declares that he could make every convict in Sing Sing a competent, trustworthy laborer in the vineyard. I am not disposed to question anything that this prodigy asserts. Success to him! By all means let us give him a trial. His success here would be no more of a seeming miracle than his success with the Ford car.

I never bought or sold shares on the exchange; all my earnings were from manufacturing. If it were necessary for me to return to that calling I should not consider the problem of labor as at all difficult. On the contrary, I enjoyed conferences with our men. We have one rule, come what may, we would never think of running our works with new men. Able, sober, well-behaved workmen such as ours were, are not to be picked up on the streets, and we wished no others. We were very particular in regard to drinking: First offence, men were excluded thirty days; second offence, sixty days; third offence, we parted company.

Homestead Strike.

We have only had one serious disaster with labor; but that was terrible indeed. I was coaching through the Scottish Highlands on my holiday and did not hear of the lamentable riot at Homestead until days after it occurred. I wired at once that I would take the first steamer home, but was requested not to come. My chief partner, Mr. Phipps, in a letter to the New York *Herald*, Jan. 30, 1904, explains it as follows:

"Question—'It was stated that Mr. Carnegie acted in a cowardly manner in not returning to America from Scotland and being present when the strike was in progress at Homestead.'

"Answer by Mr. Phipps—When Mr. Carnegie heard of the trouble at Homestead he immediately wired that he would take the first ship for America, but his partners begged him not to appear, as they were of the opinion that the welfare of the company required that he should not be in this country at the time. They all knew his extreme disposition to always grant the demands of labor, however unreasonable. I have never known of anyone interested in the business to make any complaint about Mr. Carnegie's absence at that time, but all partners rejoiced that they were permitted to manage the affair in their own way."

Some of the men at the works cabled me: "Kind master, tell us what you want us to do and we will do it for you." It was too late.

I supposed from Mr. Phipps's cable despatch that all was settled and decided it was best to conform to my partners' wishes. My partners made a most generous offer to the workmen. The new Homestead Rolling Mills increased product 60 per cent. over the old. The rollers were offered 30 per cent. advance in wages, one-half of the total gain. I would not have done more. The error was in trying to start with new men, against our rule. But here again, I understand the Governor of the State, with troops at Pittsburg, wished the law vindicated. With this exception we never had a grave disaster.

One or two partners out of our forty may, as Mr. Phipps states, sometimes consider me foolish "in always yielding to labor," while I am satisfied that for every dollar so spent we had indirectly ample and more than ample reward. Frankly I consider that folly was one of my best virtues.

The workmen that we had, sober, well-behaving men as they were and are to-day, are the most profitable of all, and many of them rose to permanent, high salaries, and not a few to partnership, of which we had not less than forty odd, who are organized to-day as the Carnegie veterans and dine once a year in our home. They come from all parts of the land.

You might like to hear the following incident connected with the Homestead strike:

The Governor of Pennsylvania, I understand, wished certain of our workers arrested for riot and bound over for trial. Consequently some of these disappeared, among them the Burgess of Homestead. Some time afterward my friend Prof. Van Dyke of Rutgers College was ordered to California for his health. Upon his return he told me that he had met the ex-Burgess working as a laborer in a Mexican mine at Sonora. I asked him to offer McLuckie any help he might need, and upon his return to the West he did so. Meanwhile McLuckie had got a position with the Sonora Railway, driving wells, and was succeeding admirably. The professor said: "You don't know whose money I was told to help you with." He said that he had no idea. "Well, it was Mr. Carnegie's." Then came the slow, earnest response: "That was damned white of Andy."

Thinks It Good Epitaph.

When I heard this I suggested to my friend Van Dyke that it wouldn't be a bad epitaph to grace one's tombstone. If it ever did I hoped there would be no long blank between the ds. Each letter should be put down to give McLuckie's proper expression.

When I talked to the Homestead rollers upon my return I told them my partners had offered liberal terms and I could not have offered more. One roller said: "Oh, Mr. Carnegie, it wasn't a question of dollars! The boys would have let you kick them, and they wouldn't let another man stroke their hair."

May I trouble you with one example of the working of our system? Upon one of my visits to Pittsburg I met the men who wished a conference. They asked that payments be made every two weeks instead of monthly, as the Pennsylvania Railroad employees were then paid. One named Johnny Edwards, a clever workman and fine fellow, rose to state their case. He said that if they were paid semi-monthly it would be equal to a raise in their wages. He and his wife visited Pittsburg the last Saturday in each month and bought a full month's food supply, thereby saving one-third on shop prices near the works. "Why don't other workmen do the same?" I asked. He replied: "Few of your men can afford to buy a month in advance. My wife and I can."

Here was an opening; I decided it would be semi-monthly payments thereafter, and so it was.

Then Edwards said: "There is another unfair charge; the coal dealers here charge almost double for coal in small quantities."

Coal at Cost.

"Indeed," I said, "hereafter our workmen get their coal at the exact wholesale coast to us, not one cent of profit."

"And," said Edwards, "we don't want to be too troublesome, but everything we buy here is far dearer than in Pittsburg." "Well," I replied, "why not start a shop of your own? Rent one on Main street, and we shall pay the rent, organize and run it, and charge our workmen just enough to pay your way," and this was done, but sorry to say, the shop did not prove successful, as retailers reduced prices. A victory!

You have here an illustration of the disadvantages workmen are often compelled to bear. There was another feature. We offered our men 6 per cent. upon all the savings left with us, payable on demand. And here let me congratulate Judge Gary and his board upon the greatest step yet taken. When workmen were made shareholders they were sold shares in the company upon a very liberal basis and guarded against loss. I consider this the greatest of all steps forward yet taken for making workmen and capitalists fellow workmen indeed, pulling and owning the same boat. This cannot fail to prove highly profitable to both; far beyond the pecuniary advantage I esteem the fellow partnership which makes Judge Gary, Mr. Farrell, Mr. Dinkey and other high officials fellow partners with their workmen.

Sees Steady Progress.

All this reveals steady progress upward and onward to the benefit of both labor and capital, which will some day rank as one, notwithstanding the hesitation to cooperate shown by some labor champions who are still extremists and do capitalists injustice, but this must steadily fade away. As I told the great audience at Homestead upon my first visit after the strike, we shall one day all recognize capital, labor and business ability as a three legged stool, each necessary for the other, neither first, second nor third in rank, all equal.

Lest my summing up may seem one-sided, I will give a proof of my effort to hold the scales equal between capital and labor. Only once have I had experience of a determined effort to commit wrong upon the part of labor. It is true that the men at the Edgar Thompson blast furnaces sent in a written demand for an immediate advance of wages which, if refused, would end in the furnaces being left unfilled. Upon receiving a telegram to this effect I took a night train from New York and got off at the works next morning. I found a long train of our empty box cars ready to house new workmen if necessary. I directed these to be pulled out of the yard and sent away, stating that three would be no strike, and notifying the leaders of each of the three different divisions of labor to appear as soon as practicable that I might consult with them. The leader of each department with one or two aides arrived. We assembled in the committee room. I addressed the chairman of the committee of the converting works first:

"Mr. chairman, have we an agreement with you?"

Stood by Agreement.

The answer came, "You have, and you haven't enough money to make us break it!"

"There speaks the true American workman," I exclaimed.

Addressing the rolling mill chairman, I asked the same question and the reply was to the same effect. I then addressed Mr. Kelly, the chairman of the furnace committee, who had presented this demand.

"Mr. Kelly, have you an agreement with our company?"

He said that an agreement was presented and he had signed it and supposed it was all right. Just then the irrepressible Capt. Jones broke in, "Mr. Kelly, you know I read all of it to you!"

"Silence, captain, Mr. Kelly can speak for himself. I receive many communications and documents which I haven't time to read. If they were of a formal nature I have sometimes signed documents without giving them careful attention, but Mr. Kelly, I have always stood prepared to take the consequences, and I never broke contracts. Now, Mr. Kelly, you have signed that treaty, and you can break it, but the grass will grow over these works before we will have such men in our employ. It will be heralded through the world as a disgrace to labor. You wished your answer at 4 o'clock. It is now a little after 3, but you have your answer. Go!"

A little later some one who was coming in as they were passing out and who had got in the crowd and had a fine looking fellow had pushed across the hall and said to Kelly: "There is to be no damned monkeying around these works." Some of the men being curious to know what would be the result had gathered at the blast furnaces. To their inquiries Kelly replied, "Get to work, you spalpeens; the little boss just hit from the shoulder."

There was no strike and that is the best service I ever rendered to American labor, so that although I was inclined to yield to labor, I drew the line at contract breaking. This was the first time I had found labor ready to break a contract, and it was the last.

We once proposed making a change in the distribution—not in the amount—of wages among the different departments of the steel rail mills as new machinery was introduced. The conferences were held in Pittsburg. After several days' consideration, I had to leave for New York by the night train. The men in the mills asked by telegraph if I could meet them in our office in the afternoon. I answered "Yes." They came to the city and were seated in the board room. Mr. Edwards, who was again spokesman, began:

"Mr. Carnegie, we agree that there is a sufficient sum proposed for our total work, but we think it is not wisely divided. Now, Mr. Carnegie, you take my job"——

Asked to give the names of the members of his personal staff, Mr. Rockefeller said he could not recall offhand the names of all of the men upon whom he relied, but that he would submit a list and also a list of the younger men in his employ who are winning their way to positions of confidence and trust. He also described his policy of encouraging men of ability.

Right of All Men to Organize.

"What do you think of the worker's right to form unions?"

"I would accord to all men the right to organize themselves, the workingmen as well as the business men, with proper safeguards for the interests of the public."

"Do you believe it possible to raise wages to such an extent as to make charity unnecessary?"

"I believe the best way to help the laboring man is to give him steady work and fair wages. That is better than charity. I believe any good laboring man would prefer it."

"Mr. Rockefeller, many witnesses before us have testified that the money you are now devoting to philanthropic purposes might better have been distributed in wages to the men in your employ."

"I should be very happy to see the laboring men become the owners of these same prosperous businesses. I would be only too happy to surrender my holdings so that labor could come into the ownership of the enterprises, thus giving them the profits to which you refer. I should much rather they would have them and that I could feel they were my partners."

"And what plan would you suggest to bring that about?"

"It is very simple. The man who has the money to buy one share becomes a shareholder and so a part owner of the enterprise. The more shares he has the greater will be his partnership."

"Did you ever read the grievances of the men employed by the Colorado Fuel and Iron Company?"

"Oh, no; they were beyond me."

"Were you ever advised of the claims of the workingmen in your industries?"

"No, sir. They would not come to me, but to the proper officials."

Mr. Rockefeller ended his testimony by saying that the employer must stand by those men who are loyal to him and that he must not disregard their rights and claims upon him.

"Order, Mr. Edwards, order, Mr. Carnegie takes no man's job."

Suppression was impossible, out came roars of laughter, and foot stamping and the victory was won. We shook hands, and I was off on the night train. Money is not the foremost or sole object of the better class of workmen. That play upon words with Billy Edwards did the business.

We began manufacturing with a capital of $7,500; my share I borrowed from a bank in Pittsburg. When superintendent of the Pennsylvania Railroad I had seen a wooden bridge burn, blocking traffic for eight days, and I believed in iron bridges; the day of steel had not yet arrived. From this small beginning grew the Edgar Thomson steel works, Homestead works, Duquesne works, the blast furnaces and locomotive works at Allegheny, our gas wells in West Virginia and the great ore fields we bought from Mr. Rockefeller.

It is fourteen years since I retired from business in pursuance of my decision to cease accumulation and begin distribution of surplus wealth, in which I am still engaged. In 1888 I published an article in the *North American Review*, which was afterward christened "Gospel of Wealth," by Mr. Gladstone. He commented upon it in *The Nineteenth Century*. It attracted attention and many answers were sent to this magazine. I quote you the following extract from the "Gospel of Wealth":

"The Problem of Rich and Poor."

"Thus is the problem of rich and poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be but a trustee for the poor, intrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the development of the race in which it is clearly seen that there is no mode of disposing of surplus wealth creditable to thoughtful and earnest men into whose hands it flows, save by using it year by year for the general good. This day already dawns. Men may die without incurring the pity of their fellows, still sharers in great business enterprises from which their capital cannot be, or has not been, withdrawn, and which is left chiefly at death for public uses, yet the day is not far distant when the man who dies leaving behind him millions of available wealth, which were free for him to administer during life, will pass away 'unwept, unhonored and unsung,' no matter to what use he leaves the dross which he cannot take with him. Of such as these the public verdict will then be, 'The man who dies thus rich dies disgraced.'

"Such, in my opinion, is the true gospel concerning wealth, obedience to which is destined some day to solve the problem of the rich and the poor, and to bring 'peace on earth, among men good will.'"

"In accordance with this doctrine, my first act upon retiring from business was to give $5,000,000 to the workmen of the Carnegie Steel Company as a parting gift, $4,000,000 for pensions to the men and $1,000,000 to maintain the libraries and halls I had built for them. I was greatly pleased when later the United States Steel Corporation saw fit to duplicate my gift, adding $4,000,000 more to the fund for pensions. I have just read the following report of this joint fund with great satisfaction.

Amount Paid in Pensions.

"The fourth annual report of the United States Steel and Carnegie Pension Fund made public to-day shows that since Jan. 1, 1911, when the fund was established, retired employees of the Steel Corporation have received in pensions $1,575,021.33. For the year 1914 the total disbursement from the pension fund amounted to $511,967.90, which was a gain over the previous year of $89,-152.76, and a gain of $230,510.53 over the first year of the fund's existence.

"The Pittsburg district leads in the amount of money paid out to the aged and infirm former employees of the various subsidiary companies. To retired mill operatives in the Pittsburg and valley districts the sum of $222,-656.33 was paid during the year, and to this may be added the sum paid to the coke workers in the fields adjacent to Pittsburg, which amounted to $59,995.66, making the total for the mills and mines in the district $283,-651.99.

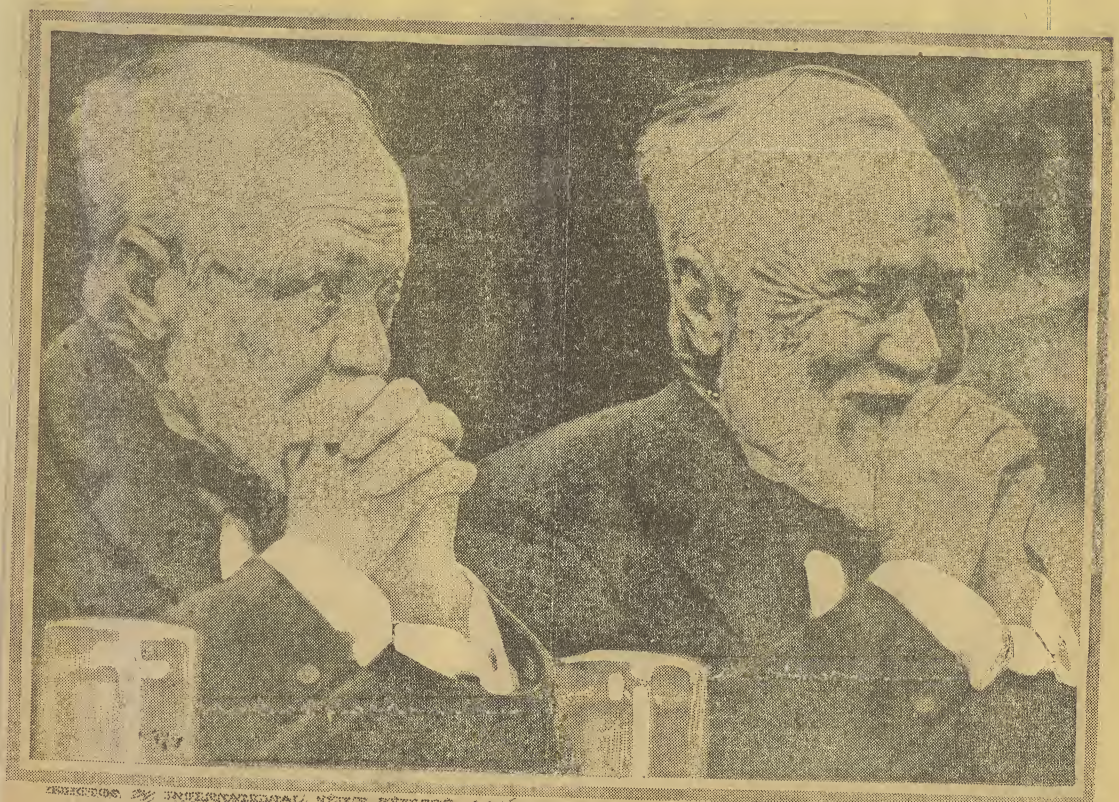
"Pensioners in Cleveland and its vicinity received approximately $50,000. In the Chicago district the amount distributed to former mill workers was $30,157.86. In New England retired employees of the Worcester, Mass., plants received $39,855.56.

"There are now 2,521 beneficiaries of the fund. During the year 612 pensioners were added and 183 died. The average pensions of the cases added were $20.40 a month, the average age the pensions being 63.33 years and the average term of the service, 28.73 years. Under the rules of the fund not less than $12 nor more than $100 per month is paid."

Shakespeare has tersely put the solution of wealth and poverty before us in these words: "So distribution should undo excess and each man have enough." The trend is in this direction in our day, but its fruition may mean centuries of progress, slow but sure, for all grows better.

The complete statement up to the close of last year shows that the total of our foundations and gifts amount to $324,657,399. The work still goes bravely on, thanks to the wise management of the able and willing trustees, and also of the employees, who often assure me that it is labor in which they delight. I am indeed a most fortunate man, and think myself in nothing else so happy as in a soul remembering my dear friends, to whom I owe so much. Gentlemen, we have six foundations, but I understand that three only of these have been called upon to answer questions. If at any time you wish to call the heads of the other foundations, or ask further questions, they will be most happy to respond. We have nothing to conceal!

Congressman Charles A. Lindbergh of Minnesota and Morris Hillquit were other witnesses yesterday. The hearing will go on this morning, with Seth Low as the principal witness. The commission will finish its investigation in New York to-day and in about two weeks will resume its hearings in Chicago.



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A Wonderful "Moving Picture" of Andrew Carnegie as He Was on the Stand Yesterday.

Photograph from N.Y. American Feb 6/15 (See story see page 15)

ROCKEFELLER SR. AND CARNEGIE ON THEIR VAST GIFTS

Industrial Commission Finds Ironmaster Spent $324,657,399, Oil Man $250,000,000.

BOTH AIM TO UPLIFT MAN

Carnegie Raises Roars of Laughter as He Tells Triumphs of "The Little Boss."

PROUD TO BE CALLED 'ANDY'

Says He Was Indulgent with Workmen and Still Thinks Dying Rich a Disgrace.

ROCKEFELLER IN IGNORANCE

Never Told of Workmen's Claims, He Testfies, and Has Never Attended a Foundation Meeting.

Within a space of two hours yesterday afternoon two of the wealthiest men in the world, Andrew Carnegie and John D. Rockefeller, Sr., testified before the United States Commission on Industrial Relations in the Assembly Room of the Metropolitan Building. They told how, through benefactions to mankind, they were trying to get rid of part of the immense fortunes they had amassed.

Mr. Carnegie proudly and enthusiastically related how his foundations and gifts already amounted to $324,657,399, and Mr. Rockefeller, with more restraint but equal satisfaction, discussed his gifts, estimated at $250,000,000.

The testimony of both men was gripping in its appeal and the audience of about 500 men and women, made up principally of Socialists, students of sociology, and labor sympathizers, enjoyed the drama hugely.

Rockefeller Not Expected.

Mr. Rockefeller's appearance was in the nature of an anti-climax, for Mr. Carnegie had been counted as the important witness of the day and no one in the room knew that the Standard Oil man was to appear up to the time he actually took the stand. Chairman Walsh had expected to call Mr. Rockefeller today, but the latter had asked as a favor that he be allowed to appear while he was in the city.

Mr. Carnegie was the most remarkable witness that had yet appeared before the commission. Captivating the commission, as well as the audience, by the sheer force of his infectious geniality, he was allowed to tell his story in his own way, and had the crowd in roars of laughter, without any effort being made to restrain him. With an appealing sweep of his arms, as if he wanted to include the whole world in his philosophy of benevolence, the Laird of Skibo beamed as he told how his associates fondly called him "Andy," and how he wanted the poor and distressed to share in his happiness.

His Theory of Life.

Sitting in the same chair a few minutes later, Mr. Rockefeller, in studied phrase, with no display of emotion, explained that his theory of life, likewise, was to accomplish all the good possible.

Both men read carefully prepared statements as answers to questions the commission had submitted to them, and then they were allowed to amplify their views through questions put to them by Mr. Walsh.

On leaving the stand Mr. Carnegie said he had never enjoyed himself so much in his life before, and his audience believed him. He did not meet Mr. Rockefeller, although the two passed close to each other. When he took the stand the ironmaster was asked by Chairman Walsh what his business was.

"To do as much good in the world as I can," the witness replied, with a smile. "I have retired from business."

Safeguards About Foundation.

Mr. Rockefeller was questioned along the lines of his Foundation. He said the sole motive underlying all his philanthropies was a desire to devote a part of his fortune to the service of his fellowmen. He regarded the restrictions placed about the Foundation by the Legislature as an entirely sufficient guarantee against serious abuse of the funds.

The witness thought the stockholders of any corporation were responsible for the choice of the best men as Directors, and that the Directors ultimately were responsible for the general conduct of the business. He stated his belief in the right of all men, workers and those engaged in business, to organize "with the proper limitations in respect to safeguarding the interests of the public."

The best way to help the laboring man was to give him steady work and fair wages, Mr. Rockefeller said. That was better than all charity. He said he would be very happy to see all laborers share in some substantial way in the profits of their employers, and thought that, like all stockholders, they should be represented in the Board of Directors. There were no privileges or rights that he wouldn't gladly give to the humblest man. Employers, he said, should stand by their loyal men and couldn't afford to be treacherous to them.

When asked if he believed, in the event of the Legislature repealing the Foundation's charter, the property would revert to him, Mr. Rockefeller said he had not allowed himself to worry about that and added:

"I have a great deal of confidence in this Board of Directors and in the American people, in their goodness, integrity and common sense, and that is our security."

The witness said his business policy was always to select for the lower positions in his office clean, young men with an ambition to improve, and who gradually moved up to higher positions. Asked if he had gone into the problems and grievances of the workmen in the Colorado Fuel and Iron Company he replied that he had no recollection of the conditions there, that he was a new investor in the enterprise and had saved it from bankruptcy by putting additional capital into it.

Mr. Carnegie said he considered the plan of the United States Steel Corporation to make workmen shareholders the greatest of all forward steps yet taken for bringing workmen and capitalists closer together. He likened labor, capital, and business to a three-legged stool, each necessary for the other and all equal. His solution of the problem of the rich and poor, as he put it, was for the laws of accumulation, as well as the laws of distribution, to be kept free.

"The day is not far distant," said Mr. Carnegie, "when the man who dies leaving behind him millions of available wealth, which were free for him to administer during life, will pass away unwept, unhonored, and unsung, no matter to what use he leaves his dross which he cannot take with him. Of such as these the public verdict will then be: 'The man who dies thus rich dies disgraced.'"

Mr. Carnegie took the stand at 2 o'clock, immediately after the noon recess. His coming had been announced, and the largest crowd that had appeared at any of the commission's hearings was on hand. He was trimly dressed in black, with a small black bow tie, and wore old-fashioned spectacles with gold rims. He appeared to be in good health, although somewhat thinner than a year ago.

The ironmaster was all eagerness to begin and insisted upon standing while reading his statement. Striking the attitude of an orator, he began by saying that he had read with deep interest the testimony given before the commission by many millionaires, including Messrs. Schiff, Belmont, Guggenheim, Perkins, and Gary, and notably Miss Tarbell, who, though not a millionaire, he added, certainly deserved to be. He said he agreed with her statement that "sane publicity is the cure for most evils in American industrial life."

Calls Ford "A Prodigy."

"Last, but not least," said Mr. Carnegie, "I read with interest the testimony on Friday of that unaccountable being, Henry Ford, who declares that he could make every convict in Sing Sing a competent, trustworthy laborer in the vineyard. I am not disposed to question anything that this prodigy asserts. Success to him! By all means let us give him a trial. His success here would be no more of a seeming miracle than his success with the Ford car."

Mr. Carnegie went on to say that he had never bought or sold shares on the Stock Exchange, that all his earnings were from manufacturing, and that, if it were necessary for him to return to that calling, he would not consider the problem of labor at all difficult.

"On the contrary," Mr. Carnegie continued, turning his attention from the commission and facing the audience with an expansive smile, "I enjoyed conferences with our men. We had our rulecome what may, we would never think of running our works with new men. Able, sober, well-behaved workmen such as ours were are not to be picked up on the streets, and we wished no others. We were very particular in regard to drinking. For the first offense, men were excluded for thirty days; on the second offense, sixty days, and for the third offense, we parted company."

By the time he had reached this far, Mr. Carnegie's affability became irresistible. He smiled at every one, and every one sat back to enjoy what was coming. He said he had only one serious disaster with labor—that during the Homestead riots, and he had not heard of it until days after while coaching through the Scottish Highlands. He wanted to come home at once, but his partner, Mr. Phipps, persuaded him not to. Some of the men at the works, he said, cabled him: "Kind master, tell us what you want us to do, and we will do it for you," but it was too late.

To the men was offered 30 per cent. increase in wages, one-half of the total gain, according to Mr. Carnegie, and he could not have done more. The error, he said, was in starting with new men. Some of his partners considered him foolish in always yielding to labor, and he added with another all-embracing smile:

"Frankly, I considered that folly was one of my best virtues."

The witness related with great gusto an instance that grew out of the strike. One of the men who disappeared, he said, was Mr. McLuckie, the Burgess of Homestead, and later Prof. Van Dyke of Rutgers College met McLuckie working as a laborer in a Mexican mine at Sonora. He told Prof. Van Dyke to offer McLuckie any help he might need, and upon his return West the professor did so. Meanwhile McLuckie had got a position with the Sonora Railway driving wells, and Prof. Van Dyke said to him: "You don't know whose money I was told to help you with. It was Mr. Carnegie's."

"Then," related Mr. Carnegie with a smile that wreathed all his face and set the audience rocking with laughter, "then came the slow, earnest response, 'That was damned white of Andy.'

"When I heard this," the witness continued, "I suggested to my friend Van Dyke that it wouldn't be a bad epitaph to grace one's tombstone. If it ever did I hoped there would be no long blank between the 'd's.' Each letter should be put down to give McLuckie's proper expression."

Mr. Carnegie's appreciation of his joke was keen. Every one in the room and every member of the commission was shaking with laughter. The louder they laughed, the more Mr. Carnegie beamed. Chairman Walsh made no attempt to preserve order. Mr. Carnegie had captured his audience, and he was allowed to carry it along.

"When I talked to the Homestead rollers," the witness said, "I told them my partners had offered liberal terms, and I could not have offered more. One roller said: 'Oh, Mr. Carnegie, it wasn't a question of dollars. The boys would have let you kick them, but they wouldn't let another man stroke their hair.'"

Mr. Carnegie explained how his firm offered workmen 6 per cent. on all the savings left with it, payable on demand. Thus, he said, workmen were made shareholders and sold shares in the company upon a very liberal basis and guarded against loss.

"I considered this," the philanthropist beamed, "the greatest of all steps forward yet taken for making workmen and capitalists fellow workmen indeed, pulling and owning the same boat."

The "Little Boss" at Work.

With characteristic enthusiasm that set the audience howling with laughter again Mr. Carnegie told another story to illustrate how he refused to deal with workmen who broke their contracts. Meeting a labor committee on the eve of a threatened strike, he asked if he had an agreement with them.

"The answer came, 'You have, and you haven't enough money to make us break it,'" said Mr. Carnegie, with emphasis.

A member of the committee named Kelly announced that a contract did not mean anything to him, and Mr. Carnegie retorted:

"You wished your answer at 4 o'clock. It is now a little after 3. But you have your answer: Go. Now, listen to this," went on Mr. Carnegie, although he scarcely could be heard because of the laughter, "tell him to go, and he went. He went back to the blast furnace, where some men were gathered, anxious to know what had been the outcome, and Kelly said to them: 'Get to work, you spalpeens, the little boss just hit from the shoulder.'"

Mr. Carnegie was almost overcome by his own emotion. Proudly surveying the audience and the commission by turn he went on:

"There was no strike, and that is the best service I ever rendered to American labor, so that although I was inclined to yield to labor, I drew the line at contract breaking. This was the first time I had found labor ready to break a contract, and it was the last."

Another story Mr. Carnegie took huge delight in telling was about a conference on a proposed change in the distribution of wages among various departments of the steel rail mills. When he went to meet the men, a Mr. Edwards, their spokesman, objected to the way the distribution was to be made. They started to say, "Mr. Carnegie, you take my job—"

"'Order, Billy Edwards,' I shouted. 'Order!' Mr. Carnegie's takes no man's job,'" the witness continued.

"Supposition," he said, as the audience shouted again, "was impossible. Out came roars of laughter and I was off on the night train. Money is not the foremost or sole object of the better class of workmen. That play upon words with Billy Edwards did the business."

Looking about and finding approval, Mr. Carnegie went on to tell of his retirement from business, the establishment of his pension system, and his hero fund. This hero fund, he said, had a total capital of $11,790,000. The Carnegie Institute of Pittsburgh, one of the greatest gifts the founder said he ever made, had cost so far $10,400,000 and had more than 3,000 students. The fees were only $25 a year, while other institutions charged from $250 to $500.

Mr. Carnegie told of the establishment of the Technology Schools which teach young men advanced modes of workmanship, and of the establishment of a fund to pension the widows of friends. He said he was surprised to find on the other day that he had no less than 481 pensioners upon his list, receiving $214,954 a year.

After finishing reading his statement Mr. Carnegie took off his spectacles, sat down, and, folding his arms, told Chairman Walsh to fire away with questions. If the audience was hilarious before it was uproarious now. With every burst of laughter the philanthropist enjoyed himself more than ever. Once he leaned over toward the reporters, and, shaking with suppressed merriment, said: "Loud laughter, loud laughter."

Responding to questions, Mr. Carnegie said he believed workingmen had the right to bargain collectively with their employers. He did not think that foundations could have any undue influence on the institutions they endowed, and when the Chairman began a question by saying, "Dr. Charles W. Eliot says—" the witness broke in: "Well, he ought to know; he enjoys one of my pensions."

Mr. Carnegie said he would be delighted if the State or Federal Government supervised his foundation, and he welcomed full publicity.

"I believe in advertising, in full publicity," he explained. "It has been said that the reason Lazarus was a beggar was because he didn't advertise."

"What responsibility have the Directors of industrial corporations for the labor conditions in their plants?"

"If the Directors hear of any trouble with the workingmen," Mr. Carnegie replied, "they should go to the executives and the officers and have it remedied."

The Chairman started another question with the remark, "Do you not believe"—when Mr. Carnegie broke in with a smile: "Mr. Chairman, please be kind enough to ask me do you believe, for if you ask me the other way I may think you want me to believe as you do."

"Do you believe," the Chairman amended, "that Directors should keep themselves advised as to wage conditions and hours of work as well as the general condition of their employes?"

Responsibility of Directors.

"I believe they should look into these things," was the reply. "I believe the Director should give such things his attention. But the officers should inform him of conditions also, for if they don't he may think everything is going along all right. You cannot blame the Directors if they have never heard of any trouble."

Mr. Carnegie said he believed in the right of workmen to join unions, and told how he dealt with his workmen in Pittsburgh.

"I never enjoyed myself as much as when my workmen came to me themselves," he added. "I laugh right out when I think of McLuckie and Billy Edwards, and how they came to me. I said to them, 'Andy Carnegie never took a man's job—' and the iron master shook with laughter at the remembrance, as did everybody else in the room.

"I was only too glad when the workmen came to see me," went on the witness. "I felt sure that if the men came to see me we would part good friends. I knew the first names of all my men. Behind my back they called me 'Andy.' I liked that, too. If you get your men to call you 'Andy,' you will get along with all of them all right."

The witness fairly bubbled with merriment at this thought, and, looking around the room, he apparently saw for the first time the women present and was off again.

"I want to congratulate you upon this audience," he burst out. "Look at the number of women present. Their elevation is the triumph of the age. I want to tell you a story right here. When I was traveling in China—"

There was no way to repress him and he went on to relate how a mandarin once said to him:

"Mr. Carnegie, the greatest work of your Christ is the elevation of women."

"The women are not elevated in China," Mr. Carnegie explained; "but that is Christ's great work here. He has elevated woman beyond any human being that ever lived. And she is going on today. Just think of that young lady in our school that gets $3,000 a year—"

"Now, I want to ask you a question," began Chairman Walsh, in an effort to stop the flow of laughter, "and we will then excuse you."

Carnegie Not in a Hurry.

"I am not in a hurry," replied the witness, quickly. "I am enjoying this immensely."

The question was if Mr. Carnegie thought it possible for a foundation to bring undue influence to bear upon institutions endowed by it, and, serious in a moment, he said he couldn't imagine such a thing. The Chairman told him that Dr. Eliot had admitted such influence, but had said that it was always for good.

"Oh, I think they do," Mr. Carnegie replied, "but there might be exceptions. There may be villains everywhere, but in this way the ordinary teacher receives a pension in his old age which he is not likely to get in any other way."

The witness said that the character of men at the head of foundation boards was such that the influence of the foundations was always to good and that a foundation was not a menace along educational lines. He did not know of any colleges which recently changed their religious denominations on the receipt of gifts, although he had heard of one or two some time ago.

"I do not want my money to shut the doors of any institution in the face of any young man because of his belief," he said.

After a few more questions the Chairman said the witness was excused. Mr. Carnegie sprang up, and, with the enthusiasm of a schoolboy, remarked:

"I don't know when I've had such a pleasant afternoon. Don't forget to come to Pittsburgh. You'll see something worth while there."

Mr. Walsh said the commission was going to hold a hearing in Pittsburgh.

"Oh, I'm so glad," bubbled Mr. Carnegie. "Thank you so much."

The philanthropist was surrounded immediately by several friends and started away. Meantime Mr. Walsh asked that perfect order be sustained.

"Of course we will forget the past," he said. "Mr. Carnegie unsettled the commission and the audience both, but we are going to try and get through with a number of important witnesses."

How Mr. Rockefeller Looked.

No one in the audience was aware who the next witness was to be, and when the Chairman announced Mr. Rockefeller there was a buzz of surprise. The capitalist appeared very feeble as he was helped to the witness chair by a sergeant-at-arms. His attitude on the stand was in violent contrast to that of the preceding witness. There was no attempt at wit, and he directed all his attention to the members of the commission, paying no heed to the audience.

His voice, low at first, but without a quaver, became stronger as he proceeded in his answers. His complexion was ruddy and his eyes were keen. He

was dressed in a suit of quiet gray and wore no jewelry except an emerald scarfpin.

Only once or twice did Mr. Rockefeller venture a smile, and then it merely flitted over his face. His only gesture was a half wave with his left hand as he tried to emphasize some special point. Again, unlike Mr. Carnegie, whose words fairly tumbled over one another, as if in haste to get out, Mr. Rockefeller pronounced every word slowly, pausing sometimes to choose carefully the word that conveyed his meaning best, and his voice, without enthusiasm and steady as the lines in his face, kept to a monotone.

The witness had scarcely started to testify when a commotion at the rear of the hall interrupted the proceedings. It was Mr. Carnegie bobbing about amid a shoal of photographers. Chairman Walsh asked the picture takers to take their victim out of the room and soon quiet was restored. A faint smile stole over Mr. Rockefeller's features as he sensed the cause of the trouble. Among those who sat in the audience was Mrs. John D. Rockefeller, Jr., but her husband was not present.

"You are a retired business man?" asked Mr. Walsh, after the witness gave his legal residence as 4 West Sixty-fourth Street.

"I am," replied the witness. "I have been twenty or twenty-five years out of active business life."

"You have a home at Tarrytown, N. Y.?"

"Well, no. It is at Pocantico Hills, back of Tarrytown."

"Are you the donor of the Rockefeller Foundation?"

"I am," replied the witness ,and that ended the preliminaries.

Mr. Rockefeller's Statement.

The following is the statement in the form of questions and answers that Mr. Rockefeller read to the commission before being questioned more minutely:

"Question 1.—The motive and principles which underlie the various foundations which you have established?

"Answer.—The sole motive underlying the various foundations which I have established has been the desire to devote a portion of my fortune to the service of my fellow-men. The principles have been fully set forth in the two chapters from my book, 'Random Reminiscences,' which has already been made a part of the record of your commission.

"Question 2.—Your purposes and plans with respect to the expenditure of the special $2,000,000 annual fund which is reserved for your personal use by the Rockefeller Foundation?

"Answer.—The Rockefeller Foundation was a development of impersonal form of my own personal plans of giving, followed for many years. While I desired to have the Directors of the Foundation free to use the funds as they might see fit, in making my last gift I reserved the right to designate, during my lifetime, the specific objects to which $2,000,000 of the income should be given annually, my purpose being in this way to provide for the various philanthropies more or less personal to myself and related to the places of my residence, to which I have been a contributor in the past. Under the terms and clauses of my letter of gift reserving this right, it is stipulated that the objects must be within the corporate purposes of the Foundation, and my designations are subject to review by the board as to that feature.

"Question 3.—Your views regarding safeguards which have been stated to be necessary to prevent such institutions as the Foundation from becoming a menace to the public?

Right to Amend Charter.

"Answer.—I regard the right to amend or rescind the respective charters of the several foundations which inhere in the legislative bodies which granted them as an entirely sufficient guarantee against serious abuse of the funds. Furthermore, I have such confidence in democracy that I believe it can better be left to the people and their representatives to remedy the evil when there is some tangible reason for believing they are impending, rather than to restrict the power for service in anticipation of purely hypothetical dangers.

"Question 4.—The conference at Tarrytown with regard to the affairs of the Colorado Fuel & Iron Company, at which were present Mr. Welborn, Mr. King, yourself and others?

"Answer.—The meeting at Tarrytown therein referred to was purely social in character. Messrs. Welborn and King were spending the night with my son. He asked me to meet these gentlemen at dinner. I never had had the pleasure of meeting Mr. Welborn before. No conference took place. Such mention as was made of business matters was of a purely informal and unpremeditated nature, taking place as I sat at dinner beside Mr. Welborn.

"Question 5.—Your opinions regarding the responsibility of investors and Directors for the labor conditions existing in the corporations in which they are interested?

"Answer.—I think that the stockholders are responsible for the choice of the best men as Directors. The Directors are ultimately responsible for the general conduct of the business, and in discharging that responsibility it is their duty to select the best men to actually administer it. These administrative officers must have discretion and power commensurate with their responsibility. A large stockholder would ordinarily have more influence with a Board of Directors than a smaller one, and consequently would have a greater responsibility for the selection of Directors who would see to it that the administrative officers maintained proper working conditions for their employes."

Questioned on the Stand.

The following is a transcript of the testimony given by Mr. Rockefeller when questioned by Chairman Walsh:

Q.—When you established your various Foundations, Mr. Rockefeller, did it occur to you that they might under any conditions become a menace to the public through mismanagement or by exercising a great influence upon the public mind in any direction? A.—No, I never had any that I had any fears on that question.

Q.—And from your experience, so far as you have advanced, have you found any such tendency? A.—I had no occasion for any anxiety in that respect.

Q.—What precautions or safeguards did you consider as a means of preventing such an outcome, say, in the future? A.—Well, I think that I have relied upon the people who are constantly on the watch and to know what these Foundations are doing with the fund that is, to see what use they are making of it; and the legislators, they will be much interested. They cannot be more interested than I am.

Q.—Would you consider that serious wrongdoing on the part of any such Foundation would endanger the existence and hamper the proper activities of all? A.—I think that if there were on the part of any one of those Foundations anything found to be wrong that that would be corrected, I should hope it would not result in harmful inferences to the other Foundations.

Q.—In order that the great Foundations should be subject to the same regulation and afforded the same protection, would you not deem it wise that all Foundations whose activities extend to more than one State should be chartered by the Federal Government, insuring uniform requirements? A.—Well, at the present, speaking of the Rockefeller Foundation, I would feel that the interests of the public are well protected, just as we are. What the future might develop would have to be for the future.

Q.—Do you favor that full publicity should be given to all the activities of these institutions? A.—I think it would be very well indeed—that is, that the public should know, and that the facts should be made.

System of Inspection.

Mr. Rockefeller said he had not had occasion to contemplate any definite system of public inspection.

Q.—Have you considered the possibility, Mr. Rockefeller, that they might be exercising an undue influence upon education? A.—I have no fear whatever in that regard. There has been nothing in my observation that has led me to have any anxieties so far.

Q.—In your experience, Mr. Rockefeller, going into the establishment of the Foundations, from your entire experience in giving, especially to educational—well, broadly speaking, educational institutions, have you found that the Boards or institutions are likely to alter or profess to alter their avowed principles or previous method of procedure even, in order to secure your gifts? A.—I have never known of anything of that kind; never heard of anything of that kind, and cannot imagine of our people desiring anything of that kind.

Q.—Is it true that colleges have given up denominational charters and removed the denominational connections in order to secure grants from any of these Foundations? I am asking you now for your general experience. A.—No.

Q.—Either in yours or observance of others? A.—As to ours, I have no idea that that has been true; as to others, I do not know.

Q.—Mr. Carnegie mentioned the fact that some years ago, if I quote correctly, owing to the desire to give all persons an opportunity of education in certain sections, colleges that had been known as denominational—he belonging perhaps a Methodist Episcopal college—had given up their denominational character and gone upon a non-sectarian basis to secure funds. Was your attention ever called to any such cases? A.—I do not recall that it was. I may have noticed at the time newspaper records, but I do not recall it.

Q.—I am not asking for your opinion, unless you recall the case. A.—No, I do not recall it.

Q.—Does not the greatest power which these Foundations could exercise arise out of their ability to give or withhold funds—money? A.—It is true that any last gift I may be equally virtuous and commendable to withhold. A great responsibility rests upon the men in that regard—the men administering the Boards of Trustees.

Q.—Going back for a moment to your expressed belief in the continued integrity of trustees, there have been many cases of mismanagement of mutual funds such as was the case in the insurance companies? A.—Yes.

Q.—Of men that had stood very high? A.—Yes.

Lost Their Reputations.

Mr. Rockefeller answered affirmatively also when Mr. Walsh asked about "men who stood very high before the public and lost their reputations, and in many cases their social life."

Q.—Now, considering the experience of the past, do you conceive that there would be anything wrong about putting regulations in the Constitution, or these charters, that might prevent any such occurrences within those bodies? A.—I think that at any time that anything of that sort is made manifestly desirable by these Directors—these Trustees—they would be the ones that would be glad to take such progressive step, if indeed it were progressive.

Q.—That is, that it would have to come, or, more likely, come from the inside of the organization? Did I understand that correctly? A.—Yes, at the present time, unless the Legislature had authority to make.

Q.—Well, in the insurance companies, where it was concentrated at least to the extent of the interested persons being policy holders, did you ever think that the existence of the abuses covered many years, and that it was with great difficulty that a large number of the policy holders and stockholders brought about the even better conditions through legislative inquiry? A.—I did not follow that insurance affair that closely. I do not have the details or particulars of that in my mind. I had no personal interest in it, I believe, in one way or another.

Q.—Any suggestions you could have already made to the commission— in addition to them, I would like to ask a few additional questions—as to any undue terms of the clause of your letter of gift you reserve this right—that is, to hold personal control of a portion of it? A.—Yes.

Q.—It is stipulated that the objects must be within the corporate purposes of the foundation? A.—Yes.

Q.—I believe that letter of gift was the paper which alone transmitted the title of this $100,000,000 to the foundation, or was there another deed or document passed to the foundation? A.—My attorney would know better on that point. I should think that would be the order of the transfer.

Q.—I think we may assume that as we received an answer to that question from your son? A.—Yes.

Q.—Yes, but I was going to ask, do you consider that in case the Legislature did repeal the charter—and of course that time, the property would go back to you? A.—Well, I have been so hopeful, Mr. Chairman, otherwise, that I have not allowed myself to worry about that. I have a great deal of confidence in this board, and I have a great deal of confidence in our American people, in their integrity and in their good common sense, and in that is our security.

Q.—Now, then, in case that something were to happen after your departure from this world which would cause the Legislature to repeal the charter of your foundation, was it your idea in writing that letter under those circumstances the money would go back to your heirs or to your estate? A.—I think that you will find that there are provisions in the charter for the distribution of those funds by the Trustees perhaps. I think that they can distribute—if you will kindly read the question again, please?

The reporter read the query, and Mr. Rockefeller said he had never thought of that question.

Mr. Rockefeller's Advisers.

Q.—Now, it has been stated, I believe, Mr. Rockefeller, that you have certain gentlemen who are your personal advisers as to your business and investments? A.—Yes, Mr. Chairman.

Q.—Those are Starr J. Murphy, Mr.—? I would have you repeat them, please. A.—I do not know that I could out of hand repeat the names of all of the gentlemen who are in such a relation. I could have a list agreed. Among the principal ones are Starr J. Murphy, my personal counsel, and my son has charge—primarily of my affairs—

Q.—I wish you would submit that list. A.—I shall have a list prepared, and I will include in that list include, as I may well do so, also the staff of younger men who are coming on and by and by will take the places of these men in the more prominent positions?

Mr. Walsh said he wished Mr. Rockefeller would do so, and the witness continued:

"There are quite a number of the younger men, faithful and loyal and reliable, and I think that they would naturally become along and bear an honorable place in regard to this question you speak of."

"I wish you would do that," was the response. "It would be interesting and form an important part of the history."

"I will ask to have that prepared," said Mr. Rockefeller, "and, as I say, I will be glad to submit the names of these men and perhaps elsewhere, who have more or less of those responsibilities."

Q.—And in doing that, Mr. Rockefeller, will you indicate as briefly and concisely as may be the general functions performed by these gentlemen at the present time and those which you will expect to be performed by the younger men who are coming on? A.—I think I could give that out of hand.

Q.—Very good, I wish you would do it then. Also, if they have always been selected for the lower positions, that is for the beginning in my office staff and in the various offices, and the young men that come to us to improve and make their way in the world. Now, these young men steadily move up from the lowest positions as they show themselves qualified to take the highest positions.

Q.—Is it from these gentlemen that you seek your advisers? A.—They come as good advisers. Among the list of these younger men I know some men who are peculiarly competent to speak intelligently in regard to the affairs of business.

Q.—How frequently do you see Mr. Jerome Piera? A.—Well I see Mr. Murphy say perhaps one or twice in a year.

Q.—How frequently do you see Mr. Jerome D. Greene? A.—I do not see Mr. Greene—I would not ordinarily see Mr. Greene as often as I see Mr. Murphy, as Mr. Murphy has been now a long time in my employ.

Two Meetings with Greene.

Q.—Mr. Greene stated that he had met you but twice in five years during one period. A.—That is probably correct.

Q.—And Mr. Gates, who has retired shortly from your personal staff, how frequently did you see him? A.—I do not recall, of course, definitely any period of time, but often.

Q.—Have you seen President Eliot since he has been on the Rockefeller Foundation? Have you seen him? A.—I have only met President Eliot twice in my life. I have seen him once, answering your question.

Q.—Since the foundation was instituted? A.—Yes, Sir.

Q.—Now, you are a Director of the foundation, a trustee that is? A.—I am.

Q.—Do you do not attend the meetings? A.—I have not attended any of the meetings so far.

Q.—Then so far as the personal direction you desire to give it is conveyed to the Board through your son? A.—Might I ask what personal direction you refer to?

Q.—For instance, what I am leading up to, Mr. Rockefeller, is that an inquiry has been set upon foot by this foundation into the industrial relations of the United States, and I was going to ask you whether or not that was your conception A.—If you will be good enough to repeat the question to see if I got it straight.

Q.—I was inquiring whether or not the personal direction that you desired to give to the foundation, if any—your personal suggestions, perhaps I might call them—to the Directors of the foundation or the Executive Committee, through your son or Mr. Murphy or through what source?

A.—I suppose it would come from them to me more than from me to them; that is to say, they are conversant with the applications; they are conversant with the applications; they are conversant with the problems of the world over. I do not personally follow such questions. When a great need arises I may follow before action is taken. I may not now, but I have my right as a Director and my voice in giving with the others. Nothing different from the other Directors.

Mr. Walsh again mentioned the point that Mr. Rockefeller did not attend the meetings.

Q.—And when you have a suggestion to make that you desire to go before the whole board, how do you proceed to do that? A.—Well, my son often speaks to me about the things they are considering, such as the policy over the Rockefeller Institute for that quarter, and if I have any expressions to make, that would be one of the ways. Or if I were to meet any of these Directors, or if they communicated with me by 'phone or any way.

Q.—How often have you met Ivy Lee? A.—I think I have met Mr. Lee perhaps two or three times, possibly more.

Purely a Social Event.

Q.—Referring to the occasion at Tarrytown, when Messrs. Welborn and King were present, as you say, was there a discussion there of the pending trouble in the State of Colorado? I will ask you a few leading questions to bring you directly to the point. A.—I do not recall any special discussion; it was purely a social event; it was that and nothing more.

Q.—Was anything said there about writing the letter in answer to the suggestions of the President with reference to relieving the situation in Colorado? A.—I do not recall there was anything of that kind.

Q.—Had you been told prior to that visit, Mr. Rockefeller, that the purpose was to employ Mackenzie King to undertake a world-wide investigation into industrial relations? A.—My son some time before this had called my attention to Mr. King.

Q.—Was there anything said upon the occasion of Mr. King meeting or being with you on that occasion with reference to his employment by the Foundation? A.—Nothing whatever; it was, as I have already said, a purely social meeting at the dinner table.

Q.—What responsibility, Mr. Rockefeller, do you believe that Directors have for labor conditions in the corporations which they direct? A.—I should say that the responsibilities in connection with the labor question are confined to the selection of Directors for that particular purpose, on account of their fitness for such position.

Q.—Do you believe that constant reports should be made by the Directors as to the conditions of labor so that they may take them up as Directors prior to the actual outbreak of labor difficulties? A.—Well, Mr. Chairman, I think I could not enter into that question. I am not upon any of these business boards, and have not been for long years.

Q.—From your experience as an active business man and manufacturer, what would you say as to the desirability and right of workingmen to form themselves into organizations for what they deem to be their whole protection and advancement? A.—I would regard it as all men the right to organize themselves—the workingmen and the business men as well, with the proper limitations in respect to safeguarding the interests of the public or parties concerned.

Q.—After an industry has been organized to the extent that it can be controlled, that is, by one man or one group of men, working harmoniously and in concert, would it be possible out of the potential profits of that institution to increase wages to such an extent as to raise the economic level of all the workers in industry and relieve the necessity of extending charity especially of those in ill? A.—I believe the best way is for the laboring men is to give them steady work and wages which they can earn—fair wages. I believe that that is better than any and all of the charities. And I believe that the good laboring men would prefer to have the labor and their honorable positions rather than to have any charity.

No Desire to Offend.

Q.—It has been stated, and I will restate to you as briefly as I can and ask for, your opinion. Of course, what I say, you will understand I say without any personal reference or desire to offend. A.—Yes, yes.

Q.—It has been stated many times that it might be better for persons controlling very large industries, instead of devoting the excess profits to the dispensation of money along philanthropic and eleemosynary lines that they should organize some system by which they could distribute it in wages first hand, or give to the workers a greater share of the productivity of their labor in the first place. Now, as one of the great givers of the world, Mr. Rockefeller, I will ask you kindly to comment upon that statement. A.—I will be very happy to see the workers gradually become the owners of these same prosperous businesses to which you refer. I should be only too happy to surrender my holdings in part in any or all that the laborers might come into the relation to the enterprise and have their representation on the Boards of Directors according to their ownership, just the same as all other shareholders.

"I want to read to you," Mr. Walsh interjected, but Mr. Rockefeller disregarded the interruption and continued:

"Those giving them the profits to which you referred, giving them in addition to their labor those handsome profits which you are having in mind. I should be very happy to have them get those profits, and feel that they were my partners."

Q.—Have you thought of any plan by which this transfer could be made? A.—The transfer of stock?

Q.—Yes, the transfer of stock or the transfer of ownership that would give the profits to the workers in greater share? A.—Yes, that has been practiced in different institutions for long years. The processes, of course, are very different, Mr. Chairman The man who has his money to pay for one share or more simply receives his share, and he is already a member, one of the body of the shareholders. And then he gets his two shares and three, and so on. Thus he is entitled to know all the ins and outs of the affairs of business.

Q.—Without going into the details, did you read the grievances of the miners of Colorado addressed to the executive officers of the Colorado Fuel and Iron Company, Mr. Rockefeller? A.—I did not go into those questions of detail, and they were far beyond my reach.

Q.—Did you read the grievances of the workmen in the mines of the Colorado Fuel and Iron Company addressed to the executive officers of that company in 1903? A.—Oh, no. I have no recollection of any of those old conditions. I was a new investor at that time in this enterprise. I had just joined with others and friends and we saved the enterprise at about that time from bankruptcy by putting in large additional capital. I have no recollection of that.

Q.—Have you ever been advised of the claims of the workingmen in any of these industries in which you are a large investor? A.—No, Sir. That would be a matter of detail. That would be a matter of detail that would come to the proper officials.

Q.—Your statement that in proper limitations, wise ones, both the owners of an industry and the workmen should be allowed to organize, is based upon your experience, I believe you stated, as a business man? A.—I would not ask any privilege or right for myself that I would not accord to the humblest man. I have always stood right there.

Quotes Rockefeller, Jr.

Q.—I will read you, Mr. Rockefeller, from The Congressional Record, covering the hearing of the sub-committee of Mines and Mining, before following up the testimony, being the testimony of your son:

"I have been so greatly interested in the matter, and have such a warm sympathy for this very large number of men who work for us, that I should be the last one to surrender the liberty under which they have been working and the conditions which to them have been entirely satisfactory, to give up that liberty and accept dictation from those outside who have no interest in them or in the company. We believe that the issue is not a local one in Colorado; it is a national issue, whether private shall be allowed to work under such conditions as they may choose. And as part owners of the property, our interest in the laboring men in this country is so great, and, though so profound, that we stand ready to lose every cent we put in rather than see the men we have employed treated as they think has been imposed upon them conditions which are not of their seeking and which neither they nor we can see are in our interest.

"There is just one thing, Mr. Chairman, so far as I understand it, which can be done, as things are at present, to settle this strike, and that is to submit to the whole of our interest in labor is so profound, and we believe so sincerely that that interest demands that the camp shall be an open camp, that we expect to stand by the principle at any cost. It is not an accident that this is our position. We cannot allow outside people to come in and interfere with employes who are thoroughly satisfied with fair labor conditions. It was upon a similar principle that the War of the Revolution was carried on. It is a great national issue of the most vital kind."

Mr. Rockefeller listened attentively to the reading of his son's testimony.

Q.—Considering now that the outside persons who came in were the organizers of a union which existed in the mining place of the company, would you say that that is your position? A.—Well, I have decidedly that the employer must stand by his loyal men. He cannot be treacherous to those men who render services faithful in their duties. And by all means the employer should stand by his faithful employes.

Q.—Is that all you care to say on the subject? That was your position generally, and especially is that your position, or would that be a fair way to ask you to [illegible] generation. The great industrial corporations of our time have robbed the people of their economic independence. They have established a sort of industrial feudalism. They are now making a bold assault on the intellectual independence of this country, and their philanthropies, endowments and foundations are the instruments of such assault."

Mr. Hillquit characterized the Rockefeller Foundation as "one of the most arrogant challenges ever issued by an individual against the Government and the people."

Commissioner Weinstock asked Mr. Hillquit what he would do if he should wake up some morning and find that he had inherited $100,000,000.

"I would turn it back to the State or Government for the use of the people from whom it was wrung," was the reply.

The commission will hold its last session in the city for the present today, when Seth Low will be a witness. The next session will be held in Chicago.

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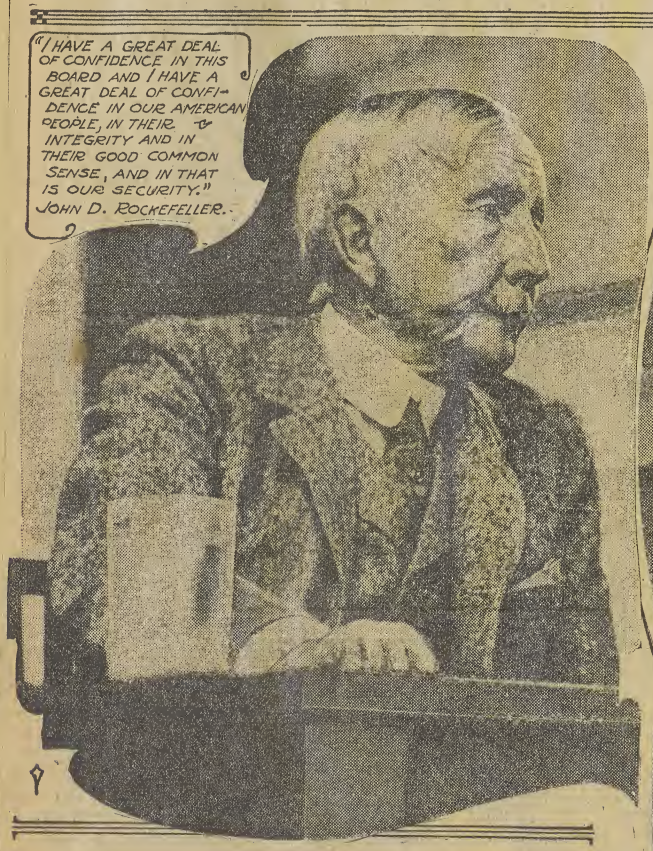
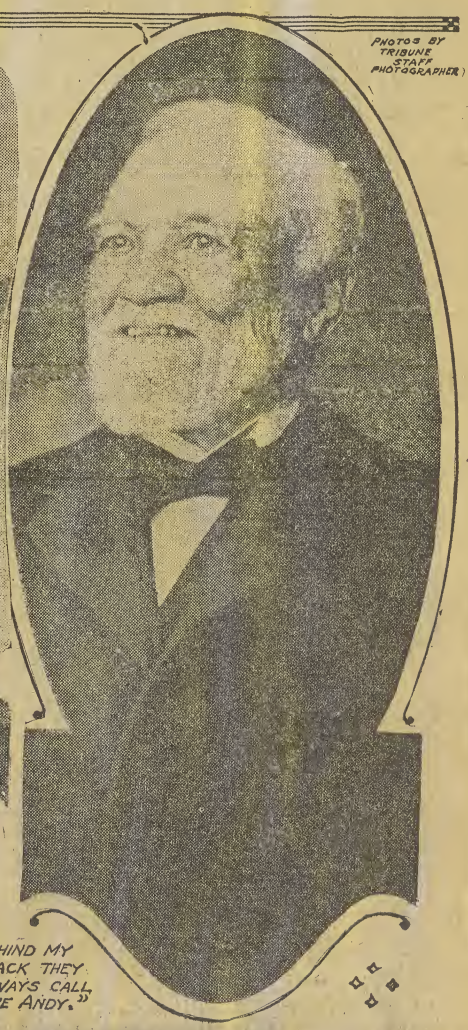
SATURDAY, FEBRUARY 6, 1915. * * PRICE ONE CENT In City of

Andrew Carnegie and John D. Rockefeller Take Stand and Defend Their Foundations





"BEHIND MY BACK THEY ALWAYS CALL ME ANDY."

Ironmaster and the World's Richest Man Witnesses in Same Day Before Federal Industrial Board.

STEEL MAN JOLLY; OIL KING COLD

Neither One Believes in Likelihood of Great Funds Working Evil—Mr. Rockefeller Would Welcome Laborers as Partners.

In the same room, in two hours, and occupying the same chair within a few minutes of each other, John D. Rockefeller, sr., and Andrew Carnegie, the two retired giants of the world's greatest industries and the present directors of the world's greatest philanthropies, testified yesterday afternoon before the Federal Commission on Industrial Relations.

It was not only the commission's red-letter day—it was, in that line, history's. In a manner that was almost informal a public body had asked the world's richest men to tell what the public wanted to know. And, after the master of oil and the master of steel had been excused from the stand, that body seemed to be satisfied.

Not more than five hundred men and women, crowded into the Assembly Hall on the eleventh floor of the Metropolitan Building, heard the stories of these men. And, oddly enough, neither Mother Jones nor any of the other leading proponents of labor's cause was in that gathering.

Nothing could be more striking than the difference in the words and actions of the Oil and Steel kings. Mr. Rockefeller was cold and without emotion in every minute of his testimony, though he was aiming—has been aiming—to devote himself to the service of his fellow man. He was always serious. The smiles that came to his lips were not the expressions of sincerity. Outwardly, at least, the picture of him has not been incorrectly drawn.

Of Mr. Carnegie, of course, this attitude was not expected. He has always been considerable of a contributor to general gayety. But yesterday he was in his most festive mood. At eighty—he is four years older than Mr. Rockefeller—he was younger in spirit. His audience could not fit him into the frame that imagination constructs for the picture of a giggatic treasure builder. He was not satisfied to sit quietly in his chair—he stepped around the platform in excess enthusiasm. He appeared a man whose heart ached to have the poor sons of toil nestle close to him and be patted lovingly on the head.

Spectators Make Merry.

From the beginning he directed his testimony toward two points—love and laughter. Most of the time he was a witness he had the spectators so convulsed that the commissioners were, at least by infection, forced to give way, and there was never a hope that the proceedings could be brought back to dignity until Mr. Carnegie and the audience were willing to permit it.

Taken together, their testimony seemed to indicate that these men have been working for years to uplift and spread their money among the workers. As they told their stories, it seemed that their life purpose has

been to eliminate corruption and unhappiness and establish here a condition of life that measures up nicely to the laborer's conception of what the millennium will be.

In stature, Mr. Rockefeller and Mr. Carnegie are different. Mr. Carnegie is probably the shortest man that ever amassed enormous riches. Mr. Rockefeller, of course, is the tallest.

Both men evidenced the possession of good health. Mr. Carnegie's round face was sparkling with it. Mr. Rockefeller's cheeks were high in color. His voice was strong and steady; at times Mr. Carnegie's broke.

Neither faltered at a question, though there were moments when the questions seemed to puzzle them, but there seemed at all times a desire to give what aid they could to what they both declared to be an admirable undertaking.

Mr. Carnegie went on the stand at 2 o'clock. He opened by reading a statement, copies of which were supplied to the commissioners. It was noted that for the time, at least, Mr. Carnegie had abandoned his simplified spelling. He testified for one hour and ten minutes, interspersing his answers with humorous reminiscences.

Mr. Rockefeller, his thin lips working to a point, as you have noticed in his photographs, was a witness for fifty minutes. He and Mr. Carnegie did not meet.

The audience, made up in its usual variety, was deeply interested in both witnesses as they gave their views on foundations, labor and capital.

Mr. Rockefeller's entry was almost as much of a surprise to the commissioners as to the spectators. A representative had asked him to appear tomorrow morning, but yesterday morning he sent word that, inasmuch as he was in the city, he would like to testify in the afternoon.

Mr. Carnegie Takes Stand.

Mr. Carnegie took the stand a few minutes after 2 o'clock. His suit was of solid black. He wore a black bow tie around his short, straight collar, whose ends were pointed out at the top. He smiled as he sat energetically in the uncomfortable-looking wooden chair. His face and eyes were full of activity.

His mustache and whiskers, which covered a large part of his small, tanned face, took on his enthusiastic spirit. He glanced around at the throng of spectators, as if sizing them up to see what line of testimony would go best. And they all looked at him, not knowing the tack he was to take.

The door in the rear of the room was admitting a stream of men and women, some of them employes of the insurance company, who had stolen a few minutes to take a bracing dip in the river of wisdom scheduled to overflow its banks.

Mr. Carnegie gave his name and his address.

"What is your business?" Mr. Walsh asked.

"My business is to do as much good as I can," the witness replied. "I'm retired from business."

He stood up and gripped the ends of the small table in front of him. Chairman Walsh explained the purpose of calling him as a witness.

"I do not know how to thank you," said the Ironmaster. "I have a prepared statement here. Now, may I begin?"

"You may sit down now, if you wish," said Mr. Walsh.

"I like to stand," said the witness. "I'm not much of an orator, but I love to stand."

Wants Ford to Have Chance.

Mr. Carnegie placed his notes on the table and, leaning over them, began:

(Statement omitted — See Page 14)

Commissioner's Turn.

He delivered these closing words of his prepared statement in tones as close to stentorian as his voice would permit, and, with a flourish of his right hand and a swinging bow to commissioners and spectators, he said:

"I thank you, gentlemen of the commission and the members of the audience, for your kind attention."

He sat down. He had been so active on his feet it was evident he needed a rest.

"Now, just a few questions, because the commission is not going to keep you very long," said Frank P. Walsh, the chairman. Mr. Carnegie smiled. The audience and the commissioners sat up. Commissioner Commons had been resting his head in the palm of his hand; Commissioner Lennon had been twirling a toothpick abstractedly between his teeth; Commissioner O'Connell had killed time by rubbing his neck and bending over to read something; Commissioner Ballard had been slouched back in his chair, studying the ceiling, and Commissioner Garretson, his long left leg swung over his equally long right one, had been swinging his left foot, yawning and looking uninterestedly at the spectators.

"What do you say," Chairman Walsh began, "as to the responsibility of directors in industrial corporations for labor conditions in their plants?"

Mr. Carnegie did not get the question, so it was repeated. Frequently the witness went off on the wrong tack through a misunderstanding of the question, but lack of space makes it impossible to give all of these instances, though they threw much of the color into the examination.

"Well, I would say they had some responsibility," he at length replied, "but nine times out of ten they are not having anything to do with the works; they hardly know of conditions at them. They are not there for that purpose—to regulate the works. They are there to attend to the administration of these funds. That would depend a great deal upon what the president did. Suppose I went on one of the trusts and the President of the United States"——

Question Misunderstood.

"I am afraid I did not make my meaning clear," Mr. Walsh interrupted. "I am leaving the foundations now, and just have two or three questions to ask you. What do you believe to be the responsibility of a director in an industrial corporation?"

"An industrial corporation? Not one of mine? My corporation?" the witness asked.

Mr. Walsh explained he meant a director in an industrial corporation. Mr. Carnegie still seemed to be puzzled. He started to answer that he thought he would not feel a responsibility, whereupon Mr. Walsh tried to make the question clearer by stating that the directors in some large corporations received reports of conditions of various features of their industry, and, referring specifically to the board of directors of the Steel company, he asked:

"In your opinion, did they also not receive as definite and frequent reports as to labor conditions?"

"I think that it would be well," was the answer. "I think that they would appreciate it, but I think if I were a director and I heard of no complaints, nothing going on, I would take it for granted that everything was right. It would be when notice was served that trouble had been created that then I should feel it my duty as a director to go down and consult with the others."

"But not until that time?"

"I do not know. I would be engaged in other affairs, and it would not be likely I would know. Provided I am apprised of it, then I think the directors would be bound to give attention."

"Well, do you not believe, in view of the number of industrial disturbances"——

"My friend, now," Mr. Carnegie interrupted, "let me will you please put your question in another way? When you say 'Do you not believe' that would imply that you would have me give acquiescence to your view, and I want to give my own. Be kind enough to say 'do you' and ask me.

Mr. Walsh had to shout to restore order. The spectators were tossing in their seats. But so were the commissioners. And Mr. Carnegie was having a pleasant time also.

Directors' Duties.

"Should a director so keep himself advised, in view of the disturbances, the recurring disturbances of labor in the large industries, as to the condition of labor, the wages paid, the hours of labor, the conditions surrounding the labor, so that he might have his voice in averting trouble?" Mr. Walsh asked.

"I certainly believe that he should look into it, should give it attention, always remembering that he is apprised of the difficulty. As a director in an institution he would take it for granted, if everything is running well, the president and officers do not apprise him of trouble, he might go in perfect innocence of there being any difficulty. But if he is apprised, then I think it would be his duty as a director to go and do the best he could to harmonize things."

"What do you say as to the desirability and right of workmen to form organizations of their own for what they believe to be their mutual protection and benefit?"

"Why, I should be delighted to hear from every such organization."

"Do you believe in the principle of collective bargaining, or the so-called right of men to bargain collectively with their employers?"

"Why, yes; I had great times. I never objected—and the more I got on the committee the better."

"Your experience, then, has been, I take it, from your answer and from what you have read from your paper—it has been a pleasant experience rather than otherwise?"

"I never enjoyed myself so much—I tell you, I look back to the old days—that is the chief joy I have. I burst out laughing many a time when I think of McLuckie, or Billy Edwards catching him there. 'You take my job.' That was the cleverest thing I ever did. 'Order, Mr. Edwards, order!' Mr. Carnegie takes no man's job.'"

Mr. Carnegie laughed in recollection and he glanced at the spectators, who were enjoying his testimony to the full.

"You never felt, Mr. Carnegie, that you could not confer with any men representing an organization of workmen that came in a businesslike and respectable manner to confer with you?" Chairman Walsh asked.

"I was only too glad when the workmen came. I felt sure—I felt pretty sure—that if they came to consult with me we would part all right."

"And did you find that it was usually a means of establishing peace to so deal with your workmen?"

CALLED HIM ANDY BEHIND HIS BACK

"Undoubtedly. I knew them by name, and I delighted—and you see, behind my back they always called me 'Andy.' I like that, and I would rather have it than 'Andrew' or 'Mr. Carnegie.' There is no sympathy about that. But you have your men calling you 'Andy' and you can get along with them."

Once more laughter broke loose, everybody, including the commissioners, joining in.

"I have had no difficulty in restraining the expression of the audience until you came in," said the chairman.

"That is all right," the witness laughed, delighted with his success.

"We must observe order," Mr. Walsh remarked.

"Mr. Chairman, I congratulate you upon having such an audience and to see how many ladies are here," the witness said, smiling at the spectators. "Do you know one of the greatest triumphs in this age? It is the elevation of woman."

Gentle reader, you can picture for yourself what followed.

"Ladies and gentlemen, if you will please keep quiet a few minutes," said the chairman, "I will ask Mr. Carnegie to repeat that sentence, as some of you may not have heard it. If you will keep quiet I will ask him what it was. What was it that you said, Mr. Carnegie?"

"I want to tell you something," Mr. Carnegie said, "that I never can forget. I was traveling in China—I went around the world and left the boys to do the work at home. But they cabled me very often. I was sitting with a mandarin in China and began to talk, and the question came up on the different views of the future and of religion and so forth. One of the mandarins said to me, 'Mr. Carnegie, the greatest work of your Christ is the elevation of woman.'"

Chairman Gives Up.

A continuous ripple of laughter was now running around the room. When the witness said something that struck the other commissioners and the spectators as particularly humorous, Mr. Walsh, himself convulsed, gave up the task of trying to check the racket. The sound was so great it brought in scores of persons from other parts of the building, all of which Mr. Carnegie observed with a satisfaction he made no effort to hide. This was one of his biggest days. Smiling, he continued his story:

"Have you considered the possibility, Mr. Carnegie," Mr. Walsh asked, "of the foundations establishing, those in which great endowments are made to educational institutions, exercising undue influence upon the beneficiaries?"

"I cannot imagine such a thing as that possible. From what point of view do you suggest it?"

"I have no point of view. I am just asking you for your opinion, without holding any point of view."

"I cannot imagine any injury coming from that."

"President Eliot has said—whom, of course, you know."

"Yes; he is on one of my pensions. I ought to know."

"He says that the giving of these large sums of money does influence the directors, but the influence has always been for good."

"Yes, I think it has."

"Do you agree with that proposition?"

"Oh—I know taking a man as he is—there are exceptions to all rules. There may be villains receiving pensions, I don't know; but I—the ordinary educator, a man like President Eliot, who receives a pension in his old age, why I cannot imagine anything that would give him greater relief, greater happiness; and he is a member—he has resigned now. He was a member on the pension fund."

"Have you considered the possibility of the grant of large sums of money to educational institutions exercising an influence upon the institution or the teachers of the institution?"

"Why, yes; a great influence. I think it would lead to the greatest improvement. They will have funds that they can develop with. The great want in most educational institutions is the want of funds; and with more funds they would go on developing still further."

"In your practical experience in this line, Mr. Carnegie, the granting of money to educational institutions, have you found any persons or institutions which seemed to alter their avowed principles or previous methods of procedure in order to secure your other gifts?"

"No, I cannot remember any such thing."

"Have you ever observed any such change, for instance, in any institution to which your Foundation gave money, in the teaching of vocational education and training or the teaching of political economy, or in the discussion thereof by the professors?"

Mr. Carnegie Elucidates.

"No; I could not point out a case."

"You have never observed a case of that kind?"

"Never. Of course, with more money you get into some fix you would not otherwise get; you get better instructors, perhaps, in certain lines, and I will tell you, Mr. Chairman, one rule that I think you might use here, whenever a body of men bind themselves together to do anything mean, low and disreputable or unjust—for instance, take New York here, just as an illustration.

"You cannot get a body of men—such men as we are talking about—to organize and agree to do anything that would be injurious or to break the laws or anything of that sort, because the bad man will say to himself: 'All these men are engaged with me in a precarious operation just now and would not like to expose it, but they are like myself. They may be taking care of themselves. Now I will hedge on them.'

"But when you get a lot of able, good men capable of making their fellows' conditions better, of elevating the world and standing for all that is refined and pure and noble, you can always depend upon such men. And it would be as great a miracle that there should be a bad man in that line as that there should be a Judas Iscariot among the Apostles."

"I never heard that suggested. I cannot imagine the character of men that you get together there. I have got a list of my trustees, and I have asked my secretary to leave it with you. I won't trouble you with it, but in order that you could see the class of men that you would get to work for nothing and give their time and attention without reward, excepting the greatest reward of all, the judge within (he tapped his breast) telling them that they will become of greater use in the world."

"Is it or is it not true that many colleges have given up their denominational charters and removed all denominational connections in order to secure grants from you personally or from your foundation?"

"I do not—— I think there was one or two at first did it; but I have not heard of any recently. I think I remember that there was a case, and I explained that I wanted all the universities to receive young men and young women, no matter to what sect they belonged. You may call them Methodists. There was a university had a case in Nashville, Tenn., lately where the ministers came in and declared that they had the ruling of the $2,000,000 I gave them, and the trustees took it up to the highest court, and they decided no, that my gift was right, and it was for a medical school.

A Creed.

"And I do certainly require that, no matter what a young man thinks about the future life or any dogmas, I do not believe in my money shutting the door to that man, and saying, 'You shall not be educated as a physician because you do not believe this, that or the other.' I say that my money is for every young man and every young woman, and I do not care what he thinks or they think about the other world. My duties in this life are here in this life, and it is to benefit my fellow men in this world, and I tell you you can let the future world take care of itself if you obey the judge within."

"Do you believe, Mr. Carnegie, that the state or federal government should exercise any supervisory control over great foundations?"

"Why, I would be delighted to welcome them. I do not believe the United States government or the State Legislature would have any desire to do anything that would not be agreeable to me. I would restrict nothing of that kind."

"Do you believe that full publicity should be given to the activities of these foundations?"

"Well, I have heard of that story—it is one of Burdette's, the man who just died in the West, who was the publisher of 'The Burlington Hawkeye,' who said: 'The Rev. Mr. Taylor is to preach to-night, Sunday night, upon "Why was Lazarus a beggar?" We have never thought there was any doubt upon the question. The question was settled long ago. He did not advertise.' (Laughter.) Now, I believe in advertising. (Laughter.) I would like more men, more people, to get interested in my foundations. I am so sure they will be benefited that I would welcome them all, and I would not mind having more directors to-morrow."

Regarding interlocking directorates Mr. Carnegie said:

"Now, we have several—a great many of these men—noted men; and I have several times, I think, said: 'If we had him on this board he would be adding great force to it.' And he has been elected. I don't think that interlocking directors in my institutions—I do not think it has proceeded any further than benefited the case."

"Your idea is that if you observe a good man in one place, who shows he is a good man and has some special knowledge or special adaptability, you forget to come to Pittsburgh if you want to see something there worth while."

"We are going to hold a hearing in Pittsburgh," said the chairman.

"Oh, I see. I am very glad. I thank you very much." Mr. Carnegie responded and stepped down.

Mr. Carnegie, bowing to commissioners and spectators, moved from the chair and shook hands with Commissioners Commons, Lennon and Walsh. Then he started for his overcoat and hat. The spectators were still laughing, so the chairman said:

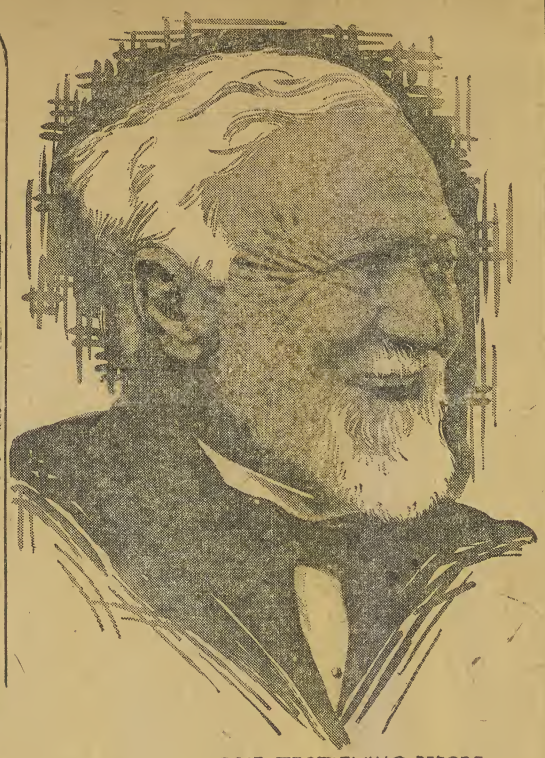
"Now, ladies and gentlemen, I am going to ask you now that you will all here co-operate with the commission from this time forward to preserve perfect order. Of course, we will forget the past. Mr. Carnegie unsettled the commission and the audience, too. Call Mr. Rockefeller."

That order silenced the audience—and thrilled them. It was the most unexpected feature of the long series of hearings. It was hard to realize that the richest man in the world had consented—for he was not subpœnaed—to be questioned on his views on capital and labor and his Foundation.

As Mr. Rockefeller started from the little ante-room Mr. Carnegie reached the end of the assembly hall, where he was ambushed by a corps of photographers, and the attraction there threatened to disrupt the main proceedings.

N.Y. Tribune Sunday page 9

TWO MASTERS OF BILLIONS AS THEY LOOKED IN THE WITNESS CHAIR.



CAMERA STUDIES of JOHN D. ROCKEFELLER and ANDREW CARNEGIE TESTIFYING BEFORE the INDUSTRIAL COMMISSION yesterday, by a World Staff Photographer.....

JOHN D. ROCKEFELLER—Seventy-five years old July 8 last. Business: "I have been retired for the past twenty or twenty-five years." Donor of "approximately a quarter of a billion dollars" to various public and private benefactions, according to his son's estimate a week ago, and believing "It is a great power to be able to give. It may be equally virtuous or commendable to withhold."

Tall, slender and gray, his ruddy face bespeaking his outdoor life. Dressed yesterday in a suit of mixed gray and green and red, with a blue-striped shirt, a high-band collar, a dark blue four-in-hand scarf and an emerald pin. Steady, small eyes, looking through rimless eyeglasses that slipped at intervals from his nose. Talking in a high nasal tone he testified at a timed rate of sixty words a minute. Smiled only once,

ANDREW CARNEGIE—Seventy-nine years old Nov. 25 last. Business: "To do as much good as I can." Donor of $324,657,399 to various public and private benefactions, and thinking himself "in nothing else so happy as in a soul remembering my dear friends, to whom I owe so much."

Short of stature, with hair and pointed beard of white. Dressed yesterday all in black—gaiters, clothes and satin bow tie with burnished gold studs and cuff buttons. Snapping eyes looked over silver spectacles, while the exuberance of his spirits carried him from chuckles to shouts of laughter, while he gestured freely and widely. Voice strong and pleasant, though growing husky toward the end of his hour's examination. Reluctant to leave the stand, and declaring when he did so: "I haven't spent so agreeable an afternoon in I don't know when."

CARNEGIE DELIGHTS TO GIVE; J. D. NOT SO SURE IT'S GOOD

"Kings" of Steel and Oil Testify Before Industrial Relations Commission, and Mr. Rockefeller Says His Sole Motive Is to Give Part of His Riches to Serve His Fellow Men.

WOULD BE GLAD TO SEE TOILERS OWN BUSINESSES.

No Danger in Foundations, Says Laird of Skibo, but Adds There Are Villains Receiving Money From His Benefactions—He Does Not Care What Colleges Teach of Future World.

Andrew Carnegie and John D. Rockefeller sr., whose philanthropies, measured in terms of money, probably exceed those of any two men who ever lived, testified yesterday afternoon before the United States Commission on Industrial Relations. Together, their public and private gifts have reached a total of $575,000,000—a sum almost equal to the world's production of gold and silver at the last reckoning.

Mr. Carnegie was a creature of buoyant spirits in the hour he spent on the stand; Mr. Rockefeller was repressed, sombre. The one was carried on the surge of his glee to shouts of laughter; the other smiled but once, and then as he looked into the lens of a camera. Holding the millions that sprang from the first great industrial trusts of America, the one declared his joy in giving, the other submitted that there might be virtue in withholding.

The steelmaster's appearance as a witness was arranged long ago, having been first set for Jan. 26. Mr. Rockefeller's was not considered until Thursday, when this morning was suggested as the time for his coming. It was at his own request that the programme was changed. His introduction to the audience in the assembly Hall of the Metropolitan Life Building was a complete surprise. He came and went from the room by a private stairway.

Andrew Still a Joy to Crowd.

Tears of mirth stood in the eyes of questioners and auditors alike when Mr. Rockefeller took the stand, for Mr. Carnegie had carried his audience beyond all restraint. Still in the full tide of his exuberance when Mr. Rockefeller mounted the platform, the steelmaster posed in the rear of the hall for the photographers till such cries of merriment arose that Chairman Frank P. Walsh had to ask the newcomer to wait until they died.

Thomas J. Egan, the sergeant-at-arms who had served the subpoena at Pocantico Hills Thursday afternoon, helped Mr. Rockefeller up the steep little flight of steps to the table at which he was to sit. Mr. Carnegie, four years his senior, had gone up them with a bound. With a barely perceptible inclination of the head toward the Chairman, Mr. Rockefeller began his answers to the formal questions of identification.

Splitting it very definitely into syllables, he gave his name as "John D. Rock-ee-fell-ur," and added:

"My legal residence is No. 4 West Fifty-fourth Street. I have been retired for the past twenty or twenty-five years."

Then he proceeded to the reading of his answers to the questionnaire submitted by the commission. He moistened the sides of his nose with a finger-tip before he adjusted a pair of rimless eye-glasses, and with hands that trembled visibly he opened the manuscript he drew from an inside pocket.

Money Talks With a Twang.

In a voice that rose and fell with a nasal twang, Mr. Rockefeller read at a timed rate of sixty words a minute. His statement was as follows:

"Question One—The motive and principle which underlie the various foundations which you have established.

"Answer—The sole motive underlying the various foundations which I have established has been the desire to devote a portion of my fortune to the service of my fellow men. The principles have been fully set forth in the two chapters of my book—'Random Reminiscences'—which have already been made a part of the record of your commission.

"Question Two—Your purposes and plans with respect to the expenditure of the special $2,000,000 annual fund which is reserved for your special personal use by the Rockefeller Foundation.

"Answer—The Rockefeller Foundation was a development into impersonal form of my own personal plans of giving, followed for many years. While I desired to have the directors of the Foundation free to use the funds as they might see fit, in making my last gift I reserved the right to designate during my lifetime the specific objects to which $2,000,000 of the income should be given annually, my purpose being in this way to provide for the various philanthropies, more or less personal to myself and related to the places of my residence, to which I have been a contributor in the past. Under the terms of the clause of my letter of gift reserving this right, it is stipulated that the objects must be within the corporate purposes of the Foundation, and my designations are subject to review by the board as to that feature.

"Confidence in Democracy."

"Question Three—Your views regarding the safeguards which have been stated to be necessary to prevent such an institution as the Foundation from becoming a menace to the public.

"Answer—I regard the right to amend or rescind the respective charters of the several foundations which inheres in the legislative bodies which granted them an entirely sufficient

guarantee against serious abuse of the fund. Furthermore, I have such confidence in democracy that I believe it can better be left to the people and their representatives to remedy evils, when there is some tangible reason for believing they are impending, rather than to restrict the power for service in anticipation of purely hypothetical dangers.

"Question Four—The conference at Tarrytown with regard to the affairs of the Colorado Fuel and Iron Company, at which were present Mr. Welborn, Mr. King, yourself and others.

"Answer—The meeting at Tarrytown therein referred to was purely social in character. Messrs. King and Welborn were spending the night with my son. He asked me to meet these gentlemen at dinner. I never had had the pleasure of meeting Mr. Welborn before the conference took place. Such mention as was made of business matters was of a purely informal and unpremeditated nature, taking place as I sat at dinner beside Mr. Welborn.

Question Five—Your opinion regarding the responsibility of investors and directors for the labor conditions existing in the corporations in which they are interested.

Big Men, Big Responsibility.

"Answer—I think the stockholders are responsible for the choice of the best men as directors. The directors are ultimately responsible for the general conduct of the business, and in discharging that responsibility it is their duty to select the best men to actually administer it. These administrative officers must have discretion and power commensurate with their responsibilities. A large stockholder ordinarily would have more influence with a Board of Directors than a smaller one, and consequently would have a greater responsibility for the selection of directors who would see to it that the administrative officers maintained proper working conditions for their employees."

Although made at no such length as those of his son last week, Mr. Rockefeller's answers bore a striking resemblance to them, not only in purport but in phraseology.

Q. When you established your Foundation did it occur to you that it might come to be a menace to the public? A. No, I can't say that I had any fears on that question.

Depends on People's Watch.

Q. Do you believe that foundations of this character may have such a tendency? A. I have had no occasion for anxiety on that score.

Q. What precautions did you take to prevent such a development? A. Well, I think I have relied on the people who are constituted to watch and to know what they are doing with the funds. And the Legislatures which granted the charters will be much interested. But they can't be more interested than I am.

Q. Do you believe it would be advisable for all such foundations to be chartered by the Federal Government? A. Well, not at the present. Speaking of the Rockefeller Foundation. I would feel that the interests of the public are well protected just as we are. What the future might develop will have to be for the future to take care of.

Q. Do you believe that there should be full publicity for all acts of such foundations? A. I think that would be very well, indeed. I think it would be desirable that the public should know and that reports should be made.

Q. Do you believe there should be some system of inspection? A. I haven't had occasion to contemplate any such thing up to the present time.

Q. Do you believe that such foundations are likely to exercise any undue influence on education? A. I have no fear whatever in that regard. Nothing in my observation has led me to have any anxiety so far.

Q. Have you found any persons or institutions altering their convictions or their teachings as a result of gifts from your foundations? A. I have never known, I have never heard, of anything of that kind. I can't imagine our people wanting anything of that kind.

Q. Did you ever hear of colleges changing their denomination in order to secure gifts? A. As to our foundation, I have no knowledge that that ever happened; as to other foundations, I do not know.

Q. Do you not believe that the greatest power of these foundations arises from their ability to give or withhold money? A. It is a great power to be able to give money; it may be equally virtuous or commendable to withhold it. A great responsibility rests upon the administrators.

Q. If the charter of the Foundation should be repealed for any reason, would the property it holds go back to you? A. I have been so hopeful I haven't worried about that. I have great confidence in the trustees. I have a great deal of confidence in the American people and their good common sense. In that lies our security.

Never Thought of Heirs.

Q. And if the charter should be repealed after you have been taken from this life? A. I think you will find provisions in the charter for the distribution of these funds—by the trustees, I believe. I never thought of the question whether the property would revert to my heirs or estate.

Q. Was the inquiry into industrial relations that has been undertaken by the Foundation your conception? A. Suggestions as to undertakings come from them (the trustees) to me, rather than from me to them. I don't personally follow such questions, but I have my right as a director to express my opinion; nothing different from the others.

Q. How do you express that opinion, since, I understand, you do not attend meetings of the Foundation. A. My son often speaks to me about these things. If I have any expression to make, that is one of the ways I could make it.

Q. What resposibility do directors have for labor conditions in their corporations? A. I should say that they are responsible largely for the officials appointed for that particular purpose.

Q. Are reports made to directors as to conditions of labor? A. I think I could not enter into that question. I am not on any of these boards, and haven't been for many years.

Q. Do you believe in the right of men to associate themselves together for their protection and betterment? A. I think that right should be accorded to all men, workingmen and business men as well, with proper limitations, of course, with respect to safeguarding the interests of the public.

"Steady Work and Fair Wages."

Q. After industrial organization has brought about development and prosperity, do you not believe that there should be such an increase of wages as to raise the economic level and relieve the necessity of charity? A. The best way to help the laboring man is to give him steady work and fair wages. That is better than all charity. I believe the men themselves would prefer to have their labor and their honorable positions than any charity.

Q. Instead of devoting the excess profits of industry to benevolence do you not believe they should be distributed in the form of increased wages? A. I would be very happy to see laboring men gradually become the owners of these same prosperous businesses to which you refer. I should be only too happy to surrender my holdings to my men, and make them my partners in the stock, thus giving them the profits to which you refer, and thus giving them, in addition to their wages, these handsome profits to which you refer.

Q. Did you ever read the grievances of the Colorado miners? A. I did not go into those questions in detail. They are far beyond my reach.

Q. Did you read the grievances formulated at the time of the strike of 1903? A. I have no recollection of any of those old conditions. I was a new investor in the property then, having joined with some friends and saved the company from bankruptcy.

Q. Would you be willing to meet the demands of these men? A. I would not ask any privilege or right for myself that I would not accord the humblest man in my employ.

Andrew Digs at Henry Ford.

Mr. Carnegie began his testimony at the resumption of the afternoon session. He sat at the witness table until Chairman Walsh addressed him, then got spryly to his feet to say that he lived at No. 2 East Ninety-first Street. Mr. Walsh said he understood Mr. Carnegie had prepared a statement, which he might read himself if he so desired. So Mr. Carnegie stood, holding his manuscript in both hands at first, but soon freeing his right hand to gesticulate, while he made quick little shrugs of his shoulders.

Mr. Carnegie's enjoyment of his opportunity began with the first words of his statement. He paused to chuckle over what he had to say about Henry Ford and the audience joined him.

"I have read with deep intercst the testimony given before you," read Mr. Carnegie, "by many millionaires, Messrs. Schiff, Belmont, Guggenheim and Perkins, and notably Miss Tarbell, who, though not a millionaire, certainly dcserves to be. I agree with her statement that 'sane publicity is the cure for most evils in American industrial life.'

"Last but not least is the testimony of that unaccountable being, Henry Ford, who declares that he could make every convict in Sing Sing a competent, trustworthy laborer in the vineyard. I am not disposed to question anything this prodigy asserts. Success to him! By all means let us give him a trial.

"I never bought or sold shares on the Exchange; all my earnings were from manufacturing. If it were necessary for me to return to that calling I should not consider the problem of labor at all difficult. We had one rule—we would never think of running our works with new men. We were very particular in regard to drinking. I am a total abstainer myself. On a third offense we parted company."

Too Liberal, Said Partners.

Coming then to the Homestead strike of 1892, Mr. Carnegie's voice broke with emotion as he told of his desire to come back from Scotland, and of Henry Phipps's later statement that Mr. Carnegie's 'partners begged him not to appear, as they were of the opinion that the welfare of the company required that he should not be in the country at the time. They all knew his extreme disposition to always grant the demands of labor, however unreasonable."

Shaking his head sadly, Mr. Carnegie added:

"Some of the men at the works cabled me: 'Kind Master: Tell us what you want us to do, and we will do it for you.' But it was too late."

Played Banker for Widows.

Of his philanthropies Mr. Carnegie talked in dctail with pride. In the course of this he told for the first time of playing banker under the supervision of the State Banking Department of New York to 148 widows of former employees who have deposited $3,137,394.20 with him and who get 6 per cent. interest.

When Chairman Walsh began his cross examination Mr. Carnegie said he was "delighted to hear of every organization" of workingmen.

Once, when the hearers laughed at one of his jocular utterances, Mr. Carnegie called down to the reporters:

"Put in 'loud laughter!'"

"We had no trouble in keeping order till you came, Mr. Carnegie," said Chairman Walsh, with tears in his own eyes.

"I'm glad of that," returned the steelmaster. "What an audience! See how many ladies there are here. That's one of the greatest triumphs of my life."

"Villains Receiving Pensions."

"Do you see any danger in such foundations as yours?" asked the Chairman.

"I can't imagine any injury coming from that."

"Dr. Eliot says that such gifts as yours do influence schools and teachers, though the influence has always been for good."

"There are exceptions. There may be villains receiving pensions from my foundation, but a man like Dr. Eliot—why, I can't think of any greater relief than the feeling that his old age is to be free from all care."

"Have there not been colleges that gave up denominational charters in order to secure grants from you?"

"I think there were one or two at first. My idea about that was that I wanted all young men and women to be received, no matter what their sect. So far as doctrine is concerned, I don't care a fig what they think about the future world. My duty's in this world. You can let the future world go if you obey the judge within."

With his gifts to benevolence of $324,657,399, no matter how he got the money, Andrew Carnegie sizes up pretty well with various noisy gentlemen who never earned more than $10 a week in their lives and never gave away a dollar.

John D. Rockefeller Defends Mine Owners in Colorado Strike War Issue

Here are some of the points made by John D. Rockefeller in his testimony yestcrday before the Federal Commission on Industrial Relations:

"The sole motive underlying the various foundations which I have established has been the desire to devote a portion of my fortune to the service of my fellow men.

"I think the stockholders are responsible for the choice of the best men as directors. The directors are ultimately responsible for the general conduct of the business, and in discharging that responsibility it is their duty to select the best men to actually administer it.

"I have no fear whatever in regard to the foundations exercising undue influence upon education.

"I believe that the best way to help the laboring men is to give them steady work and wages which they can earn—fair wages. I believe that is better than any and all of the charities. And I believe that the good laboring men would prefer to have the labor and their honorable positions rather than to have any charity.

"I will be very happy to see the laborers gradually become the owners of these same prosperous businesscs to which you refer. I should bc only too happy to surrender my holdings in part in any or all, that the laborers might have their representation on the boards of directors, according to their ownership, just the same as all other shareholders. I should be very happy to have them get those profits and feel that they were my partners.

"We believe that the issue is not a local one in Colorado; it is a national issue, whether workers shall be allowed to work under such conditions as they may choose. Our interest in the laboring man is so immensc, so deep, that we stand ready to losc every cent we put in that company rather than see the men wc have employed thrown out of work and have imposed upon them conditions which are not of their seeking. It was upon a similar principle that the War of the Revolution was carried on. I feel decidedly that the employer must stand by his loyal men."

— N. Y. Tribune
Feb 6/15
(see also page 6)

THE NEW YO

NEW YORK, SATURDAY, FEBRUARY 6, 191

JOHN D. ROCKEFELLER AND A
TELL HOW THEY GAV
TO MAKE THE WOR

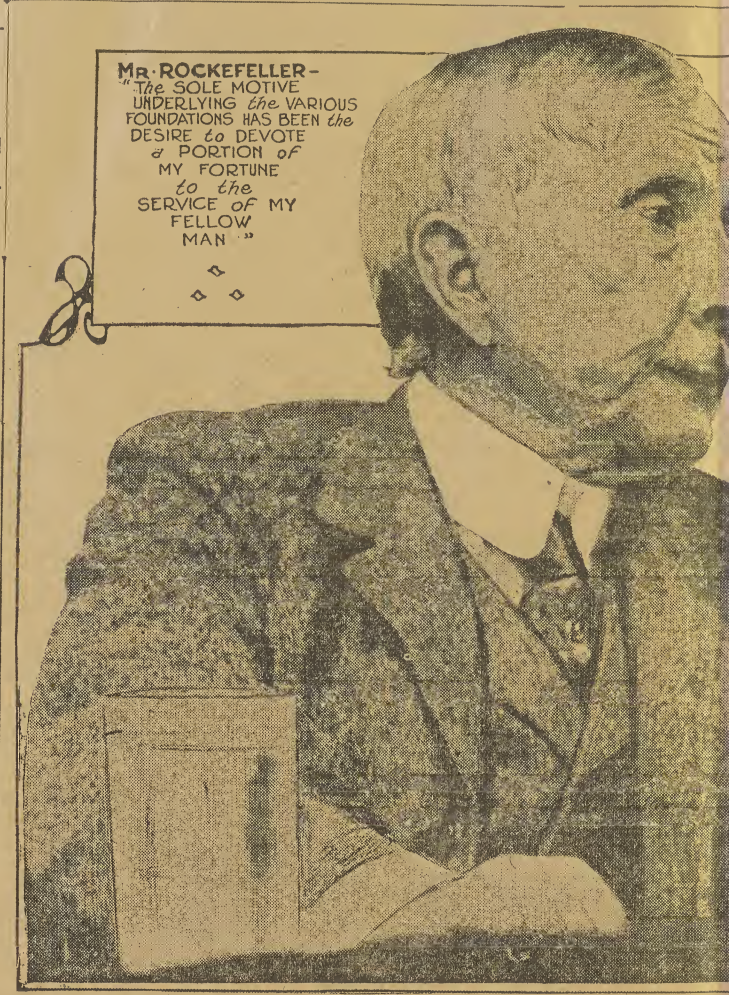
Oil Man Feels No Need of Legislative Check on Foundations.

HAS FAITH IN TRUSTEES AND PUBLIC OPINION

Questioned on Colorado Labor Conditions, Says He Leaves That to Others.

APPEARANCE A SURPRISE

Goes Before Federal Commission in Answer to Letter Received Only on Thursday.



John D. Rockefeller, Sr., and Andrew Carnegie, masters of the world's two greatest personal fortunes, men who jointly have given to educational, charitable and humanitarian enterprises nearly six hundred millions of dollars, testified yesterday from the same stand. They told of their motives and methods in the distribution of beneficences the magnitude of which dwarfs that of princes and potentates.

It was an unprecedented spectacle, brought about not by the harsh dictate of subpoena but by the mere writing of a courteous and brief letter to each of these greatest captains of American industry. And at the request of a Kansas City lawyer, whose previous examinations have indicated marked socialistic tendencies, but who is clothed with the dignity of the chairmanship of a federal commission, the Steel King and the Oil King both responded to the summons.

In the Assembly Room of the Metropolitan Building, in Madison square, Mr. Rockefeller following immediately upon the heels of Mr. Carnegie, these two founders of the greatest beneficent endowments of this or any other age subjected themselves with composure and unruffled good nature to the quizzing of the United States Commission on Industrial Relations.

For the first time the public had full opportunity to figure the relative munificence of the gifts of the "Star Spangled Scotchman," whose avowed doctrine is that to die unduly wealthy is to die disgraced, as compared with the vast charities of the man who made the Standard Oil Company famous. For years there has been a sort of race between these remarkable men in the effort to divest themselves rationally of much of their superfluous wealth and to redistribute it wisely for the well being of mankind.

Gifts Total $600,000,000.

With the testimony of Mr. Carnegie yesterday and that of the elder Mr. Rockefeller's son on an earlier date, testi-

'Andy,'" said the canny Scotsman, "you don't have much trouble with them."

Mr. Rockefeller conceded the right of the workingman and of the capitalist alike to organize for what they conceived to be their own good, assuming always that in so organizing they did not attempt to intrench upon the rights of others. When questioned about the terrible struggle last year by the employes of the Colorado Fuel and Iron Company for the recognition of the union he emphasized the dictum that no employing company has the right at the behest of one set of men to treat with injustice another set who have been true and loyal to the company's interest.

"But I should never ask any privilege

run away with the show. Even the chairman of the commission had to join in the repeated volleys of laughter that greeted the Scotchman's ready quips and jests.

Once, when Mr. Carnegie's jokes caused a loud outburst of merriment, he leaned far out over the reporters' table and exclaimed in a stage whisper:—

"Loud laughter; get that in; get that in sure."

The placing of the elder Mr. Rockefeller on the stand so near the finish of the New York hearings was a surprise. The secret had been well kept. Mr. Walsh had addressed a letter to Mr. Rockefeller at Pocantico Hills, asking him if he would be willing to appear and reply to certain

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5.—TWENTY PAGES.— BY THE NEW YORK HERALD COMPANY.] [COPYRIGHT, 1915, ◆◆◆○ PRICE THREE CENTS.

ANDREW CARNEGIE
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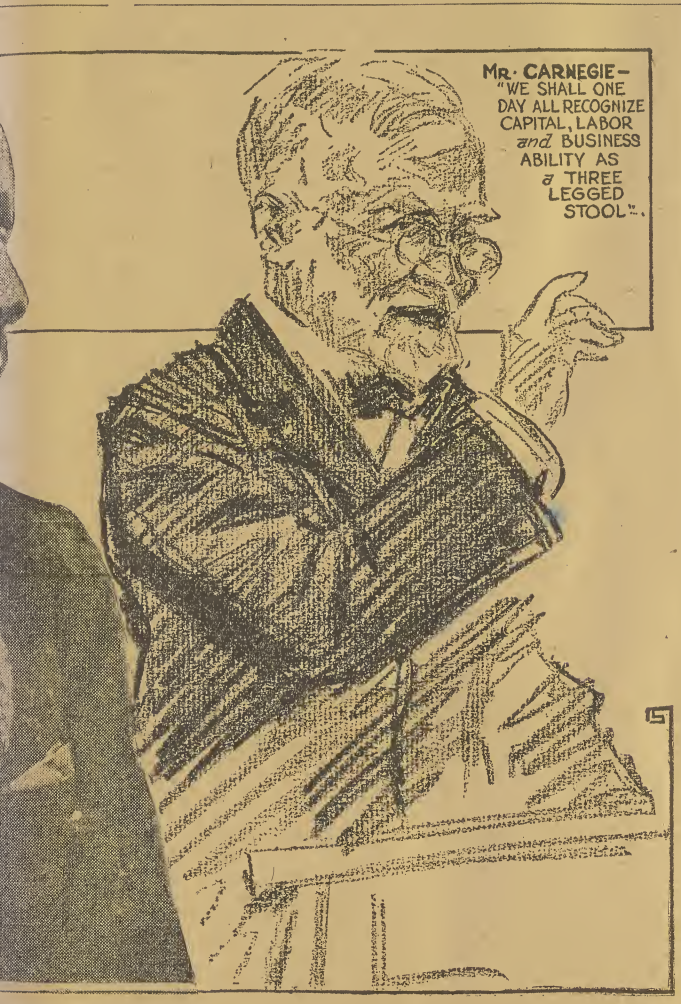
LD JUST A LITTLE BETTER



Ironmaster Not Only Answers All Questions but Tells Stories.

IS PLEASED WHEN WORKERS GO TO HIM

Considers It Tribute When Employes Refer Familiarly to Him as "Andy."

RUNS OFF WITH MEETING

Compliments Women and Describes Talk with Chinese Mandarin Between Giving of Hard Facts.

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necessary to prevent such institutions as the Foundation from becoming a menace to the public?"

"Answer. I regard the right to amend or rescind the respective charters of the several foundations, which inheres in the legislative bodies which granted them, as an entirely sufficient guarantee against serious abuse of the funds.

"Furthermore, I have such confidence in democracy that I believe it can better be left to the people and their representatives to remedy the evils when there is some tangible reason for believing they are impending, rather than to restrict the power for service in anticipation of purely hypothetical dangers."

"Question 4. The conference at Terry-

would endanger the existence and hamper the proper activities of all?"

"I think, if there were on the part of any one of those foundations something found to be wrong, that would be corrected. I should hope it would not result in harmful inferences to the other foundations."

"In order that the great foundations should be subject to the same regulations and afforded the same protection, would you not deem it advisable that all foundations whose activities extend to more than one State should be chartered by the federal government, under certain uniform requirements?"

"Well, at the present, speaking of the Rockefeller Foundation, I would feel that

pressed belief in the continued integrity of trustees, of course there have been many cases of mismanagement of mutual funds, such as was the case in the insurance companies?"

"Oh, yes."

"Of men who stood very high before the public, and lost their reputations and in many cases their social life?"

"Oh, yes."

Would Trust to Trustees.

"Now, considering the experience of the past, do you conceive that there would be anything wrong about putting regulations in the constitution, or these charters, that might prevent any such occurrences within those bodies?"

"I think that at any time that anything of that sort is made manifestly desirable by these trustees they would be the ones who would be glad to take any such progressive step, if indeed it were progressive."

"That is, that it would more properly come from the inside of the organization? Did I understand that correctly?"

"Yes, at the present time, unless the legislatures had complaints to make."

"I was going to ask, Do you consider that in case the Legislature should repeal this charter during your lifetime the property would go back to you?"

"Well, I have been so hopeful, Mr. Chairman, otherwise, that I confess I have not allowed myself to worry about that. I have a great deal of confidence in this board and I have a great deal of confidence in our American people, in their integrity and in their good common sense, and in that is our security."

"Now then, in case something were to happen after your departure from this world which would cause the Legislature to repeal the charter of your foundation, was it your idea in writing that letter that under those circumstances the money would go back to your heirs or to your estate?"

"I think you will find that there are provisions in the charter for the distribution of these funds by the trustees, perhaps. But I have never thought of that

mony in each case which had to be elicited by the commission's direct interrogation, it is officially learned for the first time that Mr. Carnegie's benefactions aggregate nearly $325,000,000, while those of the elder Mr. Rockefeller were conservatively placed by his son at a figure not less than $250,000,000.

Upon many of the academic questions which the chairman of the commission has made familiar in his questioning of witnesses Mr. Rockefeller and Mr. Carnegie were in substantial harmony when they made their replies. They agreed, for instance, that they could see no need whatever for a federal or State curb upon the activities of the great beneficent foundations they had inaugurated. Both felt the most perfect confidence in the ability and integrity of such men as were being and would be selected to conduct and administer these many millions.

Both conceded, furthermore, the irresistible, restraining power of public opinion as a force which must prevent possible misuse of such potential funds.

Both admitted that a high degree of publicity is most desirable in the conduct of these beneficial trusts, and the silver haired ironmaster went so far as to say that he thought it would be an admirable thing in ordinary industrial corporations if compulsory reports were to be submitted by the management from time to time to the Boards of Directors informing them of the conditions surrounding labor at the various plants under their control.

Executives Responsible.

Both Mr. Rockefeller and Mr. Carnegie maintained, however, that the primary responsibility for these conditions rests upon the executive officers whom the directors select for their supposed fitness.

The ironmaster, when he was asked to state his attitude toward the rights of men to organize for their own protection as wage earners, said he thoroughly believed in it, and had always recognized it in his days of active management in the Homestead works, "and the more men there were coming to me on their committees," said he, with a chuckle, "the better I liked it."

Mr. Carnegie's evidence glittered with interesting reminiscence and annecdote, illustrating his personal popularity with his working men and his hold upon their loyalty. His face beamed delightedly when he told how pleased he was to know that behind his back his men always called him "Andy." He liked that far better than to be called "Andrew" or "Mr. Carnegie." "When your men call you for myself which I shall most freely accord to my men," said Mr. Rockefeller.

Smiles for Photographers.

When the photographers levelled their cameras at him while he was testifying Mr. Rockefeller, in response to their signals, looked "pleasant," and throughout the entire examination his courtesy and good nature remained unruffled.

Mr. Carnegie gave his wit and humor full rein. He was in great form, and his quick repartee, his timely stories to illustrate a point and his unfailing good humor won to him an audience which at first had been too obviously hostile. Before he had left the witness stand to give way to Mr. Rockefeller the Laird of Skibo had literally taken the bit in his teeth and

Foundations Are Safe in Hands of Watchful Public, Mr. Rockefeller's Opinion

Declaring His Confidence in Democracy, Says Danger of Abuses Is so Small He Sees No Need for Legislative Checks.

Many persons in the audience rose and extended their hands to Mr. Carnegie as he worked his way to the rear of the room, where a lot of cameras were in line awaiting his coming. The room was in commotion and confusion.

"Now, ladies and gentlemen," said Mr. Walsh, "I am going to ask that you will co-operate to preserve perfect order. Of course, we will forget the past. Mr. Carnegie unsettled the commission and the audience both. I must say once more that if any audible expressions of feeling are given by laughter, such as we have had in this instance, we will have to adjourn. It is absolutely essential that the way this witness has been examined cannot be tolerated again. So I hope now you will all co-operate with us and keep quiet."

Then, after a pause, the chairman exclaimed:—

"CALL MR. ROCKEFELLER."

To all save the few who were in the secret this was a complete surprise. The place was thronged to hear Mr. Carnegie and to see him. The public had not imagined it was to have the unprecedented treat of gazing in the one afternoon upon the two most wealthy private citizens in the world.

Mr. Carnegie had been upon the stand exactly one hour. It was just ten minutes after three o'clock when Mr. Rockefeller entered from an anteroom adjoining the platform, where he had waited until the commission had finished with Mr. Carnegie. The ironmaster was making his exit from the rear of the stage as Mr. Rockefeller came in from the right wing entrance. Somebody told the canny Scot that Mr. Rockefeller was about to go on the stand. "Ah, is it so?" he replied. "I wonder if he was listening to what I said all the time."

Confusion Subsides.

Confusion subsided into silence as the throng saw a tall, spare man step slowly, though by no means feebly, to the raised platform. He was accompanied by an attendant, who kept one hand upon his arm, though Mr. Rockefeller seemed in no need whatever of support. He seated himself in the witness chair with a slight nod of the head directed toward the chairman of the commission. Mr. Rockefeller's movements were deliberate and easy. His composure was perfect and

began the examination.

"I am," replied Mr. Rockefeller. "I have been for thirty or thirty-five years out of active business life."

"You are the donor of the Rockefeller Foundation, I believe?"

"I am. Mr. Chairman, may I here read the question and answers I have prepared, if you please?"

"Yes, Mr. Rockefeller. We will be very glad to let you do so. I have a few questions to ask you, and I believe we submitted some to you, which you may answer, please, in your own way."

Mr. Rockefeller then read the statement prepared in the form of question and answer. He read very slowly and deliberately, at a rate of only about sixty words to the minute, but in clear and resonant voice, with nice enunciation of each word. This was his paper in full: —

"Question 1. State the motive and principles which underlie the various founations which you have established."

"Answer:—The sole motive underlying the various foundations which I have established has been the desire to devote a portion of my fortune to the service of my fellow men.

"The principles have been fully set forth in the two chapters from my book, 'Random Reminiscences,' which has already been made a part of the record of your commission.

"Question 2. Your purposes and plans with respect to the expenditure of the special $2,000,000 annual fund which is reserved for your personal use by the Rockefeller Foundation?"

Purposes of Foundation.

"Answer. The Rockefeller Foundation was a development into impersonal form of my own personal plans of giving, followed for many years. While I desired to have the directors of the Foundation free to use the funds as they might see fit, in making my last gift I reserved the right to designate, during my lifetime the specific objects to which $2,000,000 of the income should be given annually, my purpose being in this way to provide for the various philanthropies more or less personal to myself and related to the places of my residence, to which I have been a contributor in the past. Under the terms of the clause of my letter of gift reserving this right it is stipulated that the objects must be within the corporate purposes of the Foundation, and my designations are subject to review by the Board as to that feature."

"Question 3. Your views regarding safeguards which have been stated to be

town with regard to the affairs of the Colorado Fuel and Iron Company, at which were present Mr. Welborn, Mr. King, yourself and others."

"Answer. The meeting at Tarrytown, therein referred to, was purely social in character. Messrs. Welborn and King were spending the night with my son. He asked me to meet these gentlemen at dinner. I never had had the pleasure of meeting Mr. Welborn before. No conference took place. Such mention as was made of business matters was of a purely informal and unpremeditated nature taking place as I sat at dinner beside Mr. Welborn."

"Question 5. Your opinions regarding the responsibility of investors and directors for the labor conditions existing in the corporations in which they are interested."

"Answer. I think that the stockholders are responsible for the choice of the best men as directors. The directors are ultimately responsible for the general conduct of the business, and in discharging that responsibility it is their duty to select the best men to actually administer it. These administrative officers must have discretion and power commensurate with their responsibility. A large stockholder would ordinarily have more influence with a board of directors than a smaller one, and consequently would have a greater responsibility for the selection of directors who would see to it that the administrative officers maintained proper working conditions for their employes."

Mr. Rockefeller laid down his manuscript and glanced at Mr. Walsh.

Asked About Foundation.

"I have a few questions I would like to put to you, Mr. Rockefeller," said the chairman. "When you established your various foundations, Mr. Rockefeller, did it occur to you that they might under any conditions become a menace to the public, either through mismanagement or by exercising a great influence upon the public mind in any direction?"

"No, I cannot say that I have had any fears on that question."

"What precautions or safeguards did you consider as a means of preventing such an outcome, say, in the future?"

"Well, I think I have relied upon the people who are constantly to watch and to know what these foundations are doing with the fund; that is, to see what use they are making of it; and on the legislators; they will be much interested. They cannot be more interested than I am."

"Would you consider that serious wrongdoing on the part of any such foundation the interests of the public are well protected just as we are. What the future might develop would have to be for the future," replied Mr. Rockefeller slowly and choosing his words with great deliberation.

"Do you believe that full publicity should be given to all the activities of these institutions?"

"I think it would be very well—indeed, desirable—that the public should know, and that the reports should be made," conceded the witness.

"Do you think of any definite system of public inspection that would be desirable for all foundations?"

"I have not had occasion to contemplate anything of that kind up to the present time."

"Have you considered the possibility, Mr. Rockefeller, of such foundations exercising an undue influence upon education?"

Have No Fear, He Says.

"I have no fear whatever in that regard. There has been nothing in my observation that has led me to have any anxieties so far."

"In your experience, Mr. Rockefeller, going back of the establishment of the foundations, from your entire experience in giving, especially to educational institutions, have you found that any persons or institutions are likely to alter or profess to alter their avowed principles or previous method of procedure in order to secure your gifts?"

"I have never known of anything of that kind; never heard of anything of that kind, and cannot imagine our people desiring anything of that kind."

"Is it true that colleges have given up denominational charters and removed their denominational connections in order to secure grants from any of these foundations? I am asking you now for either your own general experience or your observance of others."

"As to ours, I have no idea that that has been true; as to others I do not know."

"Does not the greatest power which these foundations can exercise arise out of their ability to give or to withhold money?"

"It is a great power to give. It may be equally virtuous and commendable to withhold. A great responsibility in that regard rests upon the men administering—the boards of trustees."

"Going back for a moment to your ex-

question."

"It has been stated, I believe, Mr. Rockefeller, that you have certain gentlemen who are your personal advisers as to your business and investments?"

Says Son Has Charge.

"Yes, but I do not know that I could out of hand repeat the names of all the gentlemen who are in such a relation. I could have a list prepared. Among the principal ones are Mr. Starr J. Murphy, my personal counsel, and my son has charge primarily of my affairs."

"I wish you would submit that list."

"I shall have a list prepared and shall include, as I may well do so, also the staff of younger men who are coming on, and who, by and by, will take the places of these men in the more prominent positions. There are quite a number of these younger men, faithful, loyal and reliable, and I think they would naturally come along and bear an honorabe place in regard to this question you speak of."

"I wish you would do that; it would be interesting and form an important part of the history."

"My policy always has been to select for the lower positions, that is for the beginning in my office staff and in the various relations, clean young men who were ambitious to improve and make their way in the world. Now these young men steadily move up, from the lowest positions, as they show themselves qualified to take the highest positions."

"Is it from these gentlemen that you select your advisers?"

"They come to be good advisers. Among the list of these younger men I know some men who are quite competent to speak intelligently in regard to the affairs of business."

"How frequently do you see Mr. Murphy?"

"I see Mr. Murphy say, perhaps, once or twice in a year."

"How frequently do you see Mr. Jerome D. Greene?"

"I would not naturally see Mr. Greene as often as I see Mr. Murphy, as Mr. Murphy has been now a long time in my employ."

"Mr. Greene stated that he had met you but twice in five years during one period?"

"That is probably correct."

"And Mr. Gates, who has retired from your personal staff, how frequently did you see him?"

"I do not recall, of course, definitely, but periods of years ran by."

"Have you seen President Eliot since he

comfortable positions rather than to have any charity."

"It has been stated many times that it might be better for persons controlling very large industries, instead of devoting the excess profits to the dispensation of money along philanthropic and eleemosynary lines, that they should organize some system by which they could distribute it in wages first hand or give to the workers a greater share of the productivity of the industry in the first place. Now, as one of the great givers of the world, Mr. Rockefeller, I will ask you kindly to comment upon that statement."

"I will be very happy to see the laborers gradually become the owners of these same prosperous businesses to which you refer. I should be only too happy to surrender my holdings in part, in any or all, that the laborers might come into the relation to the enterprise and have their representation on the boards of directors, according to their ownership, just the same as all other shareholders, thus giving them the profits to which you refer, giving them, in addition to their labor, these handsome profits which you are having in mind. I should be very happy to have them get those profits and to feel that they were my partners.

"Have you thought of any plan by which this transfer could be made?"

"The transfer of stock?"

"Yes, the transfer of stock or the transfer of ownership, that would thus give the profits to the workers in greater share?"

"Yes, that has been practised in different institutions for long years. The processes, of course, are very different, Mr. Chairman. The man who has his money to pay for one share or more simply receives his share, and he is already a member of the firm, one of the shareholders. And then he gets his two shares and three and so on. Thus he is entitled to know all the ins and outs of the affairs of business."

Turn to Colorado.

"Without going into the details, did you read the grievances of the miners of Colorado addressed to the executive officers of the Colorado Fuel and Iron Company, Mr. Rockefeller?"

"I did not go into those questions of detail, and they were far beyond my reach."

"Did you read the grievances of the workmen in the mines of the Colorado Fuel and Iron Company addressed to the executive officers of that company in 1903?"

"Oh, no; I have no recollection of any problem and proves herself one who weight. Later his tones gained in strength, and before he had been reading his prepared statement more than five minutes the witness was throwing his whole spirit into its phrases, and, like a skilled actor, was craftily using his mobile countenance and his whole body to emphasize his points as he drove them home.

"Of course there is no objection to your standing, if you prefer to do so, Mr. Carnegie," said the chairman, courteously.

"I do prefer to stand," said Mr. Carnegie. "I am more accustomed to stand while talking, though I am no great orator."

Audience Not Won Yet.

Here the witness for the first time turned upon his auditors that magnetic smile which has made him famous. The socialists and the disciples of all the "isms" did not smile back. He had not yet won them. They were studying him with knitted brows, as entomologists might study some new species with which they had been brought into close contact for the first time. Clearly, Mr. Carnegie's audience was not much in sympathy with him—not yet.

"What is your business?" asked Mr. Walsh.

"My business is to do as much good in the world as I can; I have retired from all other business."

The witness then said that, at the request of the commission, he had tried to reply to the questions they had sent to him, and, with their permission, he would read his statement. Mr. Carnegie began to read in a clear tone, in which occasionally there was a quaver. He stood erect, holding his manuscript in the left hand, while he frequently used the right with which to score a forcible gesture, bringing down his closed fist vigorously upon the small oak table in front of him when he wished to be especially emphatic.

Often he turned about and directly faced the throng who sat listening from the floor. Then, in some transition of thought, he would swing about and address himself to the semicircle of inquisitors, whose eyes, for the most part, seemed to be riveted upon the ironmaster with a sort of tolerant curiosity.

Mr. Carnegie's Statement.

Mr. Carnegie's prepared statement, which bristled with anecdote and sparkled with humor, follows:—

"Mr. Chairman:—I have read with deep interest the testimony given before you by many millionnaires, Messrs. Schiff, Belmont, Guggenheim, Perkins, Gary, and notably Miss Tarbell, who, though not a millionnaire, certainly deserves to be; she seems to have a firm grasp upon the

was knocked in my days; second thirty sixty days; third offence, we parted company.

"We only had one serious disaster with labor; but that was terrible, indeed. I was coaching through the Scottish Highlands on my holiday and did not hear of the lamentable riot at Homestead until days after it occurred. I wired at once that I would take the first steamer home, but was requested not to come. My chief partner, Mr. Phipps, in a letter to the NEW YORK HERALD, January 31, 1904, explains it as follows:—

"'Question:—It was stated that Mr. Carnegie acted in a cowardly manner in not returning to America from Scotland and being present when the strike was in progress at Homestead?'

Quotes from the Herald.

"'Answer by Mr. Phipps:—When Mr. Carnegie heard of the trouble at Homestead he immediately wired that he would take the first ship for America, but his partners begged him not to appear, as they were of the opinion that the welfare of the company required that he should not be in this country at the time. Now mark this:—They all knew his extreme disposition to always grant the demands of labor, however unreasonable. I have never known of any one interested in the business to make any complaint about Mr. Carnegie's absence at that time, but all partners rejoiced that they were permitted to manage the affair in their own way.'"

As Mr. Carnegie said, "Mark this," and then read his quotation from the HERALD he brought down his fist strongly. Every sign of weakness had now vanished from his delivery, as he went on:—

> "Some of the men at the works cabled me, 'Kind Master, tell us what you want us to do and we will do it for you.' It was too late."

As he spoke the words, "too late," the ironmaster's voice sank to a tragic whisper, and he continued:—"I supposed from Mr. Phipps' cable that all was settled and decided it best to conform to my partners' wishes. My partners made a most generous offer to the workmen. The new Homestead rolling mills increased product sixty per cent over the old. The rollers were offered thirty per cent advance in wages, one-half of the total gain. I would not have done more.

"The error was in trying to start with new men, against our rule. But here again, I understand, the Governor of the State, with troops at Pittsburg, wished the law vindicated. With this exception we never had a grave disaster.

"One or two partners out of our forty may, as Mr. Phipps states, sometimes consider me foolish 'in always yielding to labor,' while I am satisfied that for every dollar so spent we had indirectly ample and more than ample reward. Frankly I consider that folly was one of my best virtues.

"The workmen that we had, sober, well behaving men as they were and are to-day, are the most profitable of all, and many of them rose to permanent, high salaries, and not a few to partnership, of which we had not less than forty odd, who are organized to-day as the Carnegie Veterans

damned white of Andy.'"

As the witness quoted this eulogy his features relaxed in a beaming smile and his eyes twinkled as he added:—"Those were words which I cherish. When I heard this I suggested to my friend Van Dyke that it wouldn't be a bad epitaph to grace one's tombstone. If it ever did I hoped there would be no long blank between the d's. Each letter should be put down to give McLuckie's proper expression.

"When I talked to the Homestead rollers upon my return I told them my partners had offered liberal terms and I could not have offered more. One roller said:—'Oh, Mr. Carnegie, it wasn't a question of dollars! The boys would have let you kick them, and they wouldn't let another man stroke their hair.'

"May I trouble you with one example of the working of our system? Upon one of my visits to Pittsburg I met the men who wished a conference. They asked that payments be made every two weeks instead of monthly, as the Pennsylvania Railroad employes were then paid.

"One named 'Johnny' Edwards, a clever workman and fine fellow, rose to state their case. He said that if they were paid semi-monthly it would be equal to a raise in their wages. He and his wife visited Pittsburg the last Saturday in each month and bought a full month's food supply, thereby saving one-third on shop prices near the works. 'Why don't other workmen do the same?' I asked. He replied, 'Few of your men can afford to buy a month in advance. My wife and I can.'

"Here was an opening. I decided it would be semi-monthly payments thereafter, and so it was.

"Then Edwards said:—'There is another unfair charge. The coal dealers here charge almost double for coal in small quantities.'

Coal at Wholesale.

"'Indeed!' I said. 'Hereafter our workmen get their coal at the exact wholesale cost to us—not one cent of profit.'

"'And,' said Edwards, 'we don't want to be too troublesome, but everything we buy here is far dearer than in Pittsburg.' 'Well,' I replied, 'why not start a shop of your own? Rent one in Main street, and we shall pay the rent, organize and run it and charge our workmen just enough to pay your way.' And this was done, but, sorry to say, the shop did not prove successful, as retailers reduced prices. A victory!

"You have here an illustration of the disadvantages workmen are often compelled to bear. There was another feature. We offered our men six per cent upon all the savings left with us, payable on demand. And here let me congratulate Judge Gary and his board upon the greatest step yet taken. When workmen were made shareholders they were sold shares in the company upon a very liberal basis and guarded against loss.

"I consider this the greatest of all steps forward yet taken for making workmen and capitalists fellow workmen indeed, pulling and owning the same boat. This cannot fail to prove highly profitable to both. Far beyond the pelabor, so that although I was inclined to yield to labor I drew the line at contract breaking. This was the first time I had found labor ready to break a contract, and it was the last.

"We once proposed making a change in the distribution—not in the amount—of wages among the different departments of the steel rail mills as new machinery was introduced. The conferences were held in Pittsburg. After several days' consideration I had to leave for New York by the night train. The men in the mills asked by telegraph if I could meet them in our office in the afternoon. I answered, 'Yes.' They came to the city and were seated in the board room. Mr. Edwards, who was again spokesman, began:—

"'Mr. Carnegie, we agree that there is a sufficient sum proposed for our total work, but we think it is not wisely divided. Now, Mr. Carnegie, you take my job'—

"Takes No Man's Job."

"'Order, Mr. Edwards, order. Mr. Carnegie takes no man's job.'

"Suppression was impossible. Out came roars of laughter, and foot stamping, and the victory was won. We shook hands, and I was off on the night train. Money is not the foremost or sole object of the better class of workmen. That play upon words with 'Billy' Edward did the business."

Mr. Carnegie's audience indulged in a ripple of appreciative laughter, for his own laughter was contagious. Then he grew serious and resumed:—

"We began manufacturing with a capital of $7,500. My share I borrowed from a bank in Pittsburg. When superintendent of the Pennsylvania Railroad I had seen a wooden bridge burn, blocking traffic for eight days, and I believed in iron bridges; the day of steel had not yet arrived. From this small beginning grew the Edgar Thomson Steel Works, the Homestead works, the Duquesne works, the blast furnaces and locomotive works at Allegheny, our gas wells in West Virginia and the great ore fields we bought from Mr. Rockefeller.

"It is fourteen years since I retired from business, in pursuance of my decision to cease accumulation and begin distribution of surplus wealth, in which I am still engaged.

"In 1888 I published an article in the North American Review which was afterward christened 'Gospel of Wealth' by Mr. Gladstone. He commented upon it in The Nineteenth Century. It attracted attention and many answers were sent to this magazine. I quote you the following extract from the 'Gospel of Wealth':—

"'The Problem of Rich and Poor.'

"'Thus is the problem of rich and poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionnaire will be but a trustee for the poor, entrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the develop-

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Broadway & 19th Street

Mr. Carnegie, Affable and Witty, Soon Wins Over Hostile Audience

Socialistic Element's Scowls Give Way to Smiles, Then Laughter, and Federal Commissioners, After Trying in Vain to Suppress Confusion, Join in Merriment—Considers It Tribute When Called "Andy" by Employe.

N.Y. Herald (continued)

Mr. Carnegie was escorted to the witness stand directly after the commission began its afternoon session, at ten minutes past two o'clock. Widespread publicity given to his expected appearance had crowded the room to its capacity with an eager audience, a large proportion of which was composed of socialists, single taxers and followers of the I. W. W. propaganda.

The ironmaster bowed to the commission as he mounted the dais. "Take the chair, Mr. Carnegie," said Mr. Walsh affably. The Laird of Skibo did so, and for a moment he scanned the faces of his audience, seated in close rows on the floor of the chamber, raather than those of his inquisitors. As the chairman framed his first stereotyped question, "What is your name?" Mr. Carnegie rose and stood, leaning slightly forward, with his hands clasped together on the table.

As he gave his name and residence there was a slight quaver of apparent weakness in the voice, and many commented upon Mr. Carnegie's evident reduction in weight. Later his tones gained in strength, and before he had been reading his prepared statement more than five minutes the witness was throwing his whole spirit into its phrases, and, like a skilled actor, was craftily using his mobile countenance and his whole body to emphasize his points as he drove them home.

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"Last, but not least, the testimony on Friday of that unaccountable being, Henry Ford, who declares that he could make every convict in Sing Sing a competent, trustworthy laborer in the vineyard. I am not disposed to question anything that this prodigy asserts. Success to him! By all means let us give him a trial. His success here would be no more of a seeming miracle than his success with the Ford car.

"I never bought or sold shares on the Exchange; all my earnings were from manufacturing. If it were necessary for me to return to that calling I should not consider the problem of labor as at all difficult. On the contrary, I enjoyed conferences with our men. We had one rule—come what may, we would never think of running our works with new men. Able, sober, well behaved workmen such as ours were are not to be picked up on the streets, and we wished no others. We were very particular in regard to drinking—I am a total abstainer myself. First offence, men were excluded thirty days; second offence, sixty days; third offence, we parted company.

"We only had one serious disaster with labor; but that was terrible, indeed. I was coaching through the Scottish Highlands on my holiday and did not hear of the lamentable riot at Homestead until days after it occurred. I wired at once that I would take the first steamer home, but was requested not to come. My chief partner, Mr. Phipps, in a letter to the NEW YORK HERALD, January 31, 1904, explains it as follows:—

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"The problem of our age is the proper administration of wealth, so that the ties of brotherhood may still bind rich and poor in harmonious relationship. The conditions of human life have changed, but human nature remains the same. Much wealth and much refinement of taste, culture and manners have been the heritage of the few in all ages, and the race has not suffered. Chance and fate have ordained that the few must be rich and the many poor, but the laws of civilization are working out a way by which the surplus wealth of the few may become the means of the highest enjoyment of the many. The problem is how to administer wealth after the laws have decreed it to the few, and how the few may use it as trustees for the many, doing for them better than they would or could do for themselves.

"Of the various modes in which wealth may be administered, I shall not speak at present, but will only say that, under the sway of the principle that the surplus wealth of the few is to become the property of the many, it is to be administered during the lifetime of its possessor. It is not to be hoarded until he dies. Men who leave vast sums at death to be administered by others, even if wisely bestowed, have not half learned the problem of life, and have left behind them much more than they should.

"Nor is it well that the millionnaire should be succeeded by the millionnaire. Better that wealth should be cast into the sea than that it should be concentrated in a few hands to found a class of idle rich, or to be used for the miserable purpose of founding a family. Unto him that hath shall be given, is not the truth in regard to wealth. Better for the community that the millionnaire should die bankrupt than that he should live rich, and it is well for him that he should die poor.

"Such are the main outlines of the gospel of wealth, which I have preached for years, and which I have endeavored to live."

Asks About Agreement.

" 'Mr. Chairman, have we an agreement with you?'

"The answer came, 'You have, and you haven't enough money to make us break it!'

" 'There speaks the true American workman,' I exclaimed.

Addressing the rolling mill chairman, I asked the same question, and the reply was to the same effect. I then addressed Mr. Kelly, the chairman of the furnace committee, who had presented this demand.

" 'Mr. Kelly, have you an agreement with our company?'

He said that an agreement was presented, and he had signed it and supposed it was all right. Just then the irrepressible Captain Jones broke in:—'Mr. Kelly, you know I read all of it to you.'

" 'Silence, Captain, Mr. Kelly can speak for himself,' I said. 'I receive many communications and documents, which I haven't time to read. If they were of a formal nature, I have sometimes signed documents without giving them careful attention, but Mr. Kelly, I have always stood prepared to take the consequences, and I never broke contracts.

" 'Now, Mr. Kelly, you have signed that treaty, and you can break it, but the grass will grow over these works before we will have such men in our employ. It will be heralded through the world as a disgrace to labor. You wished your answer at four o'clock. It is now a little after three, but you have your answer. Go!' "

Mr. Carnegie paused, then he added, with a chuckle:—"And he went!"

The Laird of Skibo had the rapt attention of all his audience now as he went on:—"A little later some one who was coming in as they were passing out, and who had got in the crowd, said that a fine looking fellow had pushed across the hall and said to Kelly:—'There is to be no damned monkeying around these works.'

"Some of the men being curious to know what would be the result had gathered at the blast furnaces. To their inquiries Kelly replied:—'Get to work, you spalpeens! The little boss just hit from the shoulder!'

"There was no strike, and that is the best service I ever rendered to American labor, so that although I was inclined to yield to labor I drew the line at contract breaking. This was the first time I had found labor ready to break a contract, and it was the last.

"We once proposed making a change in the distribution—not in the amount—of wages among the different departments of the steel rail mills as new machinery was introduced. The conferences were held in Pittsburg. After several days' consideration I had to leave for New York and dine once a year in our home. They come from all parts of the land.

Homestead Strike Incident.

"You might like to hear the following incident connected with the Homestead strike:—

"The Governor of Pennsylvania I understand wished certain of our workers arrested for riot and bound over for trial. Consequently, some of these disappeared, among them the Burgess of Homestead. Some time afterward my friend, Professor Van Dyke, of Rutgers College, was ordered to California for his health. Upon his return he told me that he had met the ex-Burgess working as a laborer in a Mexican mine at Sonora. I asked him to offer McLuckie any help he might need, and upon his return to the West he did so.

"Meanwhile, McLuckie had got a position with the Sonora Railway, driving wells, and was suceeding admirably.

"The Professor said:—'You don't know whose money I was told to help you with.' He said that he had no idea. 'Well, it was Mr. Carnegie's.' Then came the slow, earnest response: — 'That was damned white of Andy.' "

As the witness quoted this eulogy his features relaxed in a beaming smile and his eyes twinkled as he added:—"Those were words which I cherish. When I heard this I suggested to my friend Van Dyke that it wouldn't be a bad epitaph to grace one's tombstone. If it ever did I hoped there would be no long blank between the d's. Each letter should be put down to give McLuckie's proper expression.

"When I talked to the Homestead rollers upon my return I told them my partners had offered liberal terms and I could not have offered more. One roller said:—'Oh, Mr. Carnegie, it wasn't a question of dollars! The boys would have let you kick them, and they wouldn't let another man stroke their hair.'

"May I trouble you with one example of the working of our system? Upon one of my visits to Pittsburg I met the men who wished a conference. They asked that payments be made every two weeks instead of monthly, as the Pennsylvania Railroad employes were then paid.

"One named 'Johnny' Edwards, a clever workman and fine fellow, rose to state their case. He said that if they were paid semi-monthly it would be equal to a raise in their wages. He and his wife visited Pittsburg the last Saturday in each month and bought a full month's food supply, thereby saving one-third on shop prices near the works. 'Why don't other workmen do the same?' I asked. He replied, 'Few of your men can afford to buy a month in advance. My wife and I can.'

"Here was an opening. I decided it would be semi-monthly payments thereafter, and so it was.

"Then Edwards said:—'There is another unfair charge. The coal dealers here charge almost double for coal in small quantities.'

Coal at Wholesale.

" 'Indeed!' I said. 'Hereafter our workmen get their coal at the exact wholesale cost to us—not one cent of profit.'

" 'And,' said Edwards, 'we don't want to be too troublesome, but everything we buy here is far dearer than in Pittsburg.' 'Well,' I replied, 'why not start a shop of your own? Rent one in Main street, and we shall pay the rent, organize and run it and charge our workmen just enough to pay your way.' And this was done, but, sorry to say, the shop did not prove successful, as retailers reduced prices. A victory!

"You have here an illustration of the disadvantages workmen are often compelled to bear. There was another feature. We offered our men six per cent upon all the savings left with us, payable on demand. And here let me congratulate Judge Gary and his board upon the greatest step yet taken. When workmen were made shareholders they were sold shares in the company upon a very liberal basis and guarded against loss.

"I consider this the greatest of all steps forward yet taken for making workmen and capitalists fellow workmen indeed, pulling and owning the same boat. This cannot fail to prove highly profitable to both. Far beyond the pecuniary advantage I esteem the fellow partnership which makes Judge Gary, Mr. Farrell, Mr. Dinkey and other high officials fellow partners with their workmen. I know of no greater triumph that labor has won.'

"All this reveals steady progress upward and onward to the benefit of both labor and capital, which will some day rank as one, notwithstanding the hesitation to cooperate shown by some labor champions who are still extremists and do capitalists injustice, but this must steadily fade away.

"As I told the great audience at Homestead upon my first visit after the strike, we shall one day all recognize capital, labor and business ability as a three-legged stool, each necessary for the other, neither first, second nor third in rank—all equal. That is to be the solution of the problem of capital and labor.

"Lest my summing up may seem one sided, I will give a proof of my effort to hold the scales equal between capital and labor. Only once have I had experience of a determined effort to commit wrong upon the part of labor. It is true that the men at the Edgar Thomson blast furnaces sent in a written demand for an immediate advance of wages, which, if refused, would end in the furnaces being left unfilled.

"Upon receiving a telegram to this effect I took a night train from New York and got off at the works next morning. I found a long train of our empty box cars ready to house new workmen if necessary. I directed these to be pulled out of the yard and sent away, stating that there would be no strike, and notifying the leaders of each of the three different divisions of labor to appear as soon as practicable that I might consult with them. The leader of each department with one or two aids arrived. We assembled in the committee room. I addressed the chairman of the committee of the converting works first.

"The Problem of Rich and Poor."

"Thus is the problem of rich and poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionnaire will be but a trustee for the poor, entrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the development of the race in which it is clearly seen that there is no mode of disposing of surplus wealth creditable to thoughtful and earnest men into whose hands it flows, save by using it year by year for the general good.

"This day already dawns. Men may die without incurring the pity of their fellows, still sharers in great business enterprises from which their capital cannot be or has not been withdrawn, and which is left chiefly at death for public uses, yet the day is not far distant when the man who dies leaving behind him millions of available wealth, which were free for him to administer during life, will pass away "unwept, unhonored and unsung," no matter to what use he leaves the dross which he cannot take with him. Of such as these the public verdict will then be:—"The man who dies thus rich dies disgraced."

Will Solve Problem.

"'Such, in my opinion, is the true gospel concerning wealth, obedience to which is destined some day to solve the problem of the rich and the poor and to bring peace on earth, among men good will.'"

Complying with the commission's request, Mr. Carnegie next reviewed his benefactions, which, it appeared, aggregate $325,000,000. The witness continued:—

"In accordance with this doctrine, my first act upon retiring from business was to give $5,000,000 to the workmen of the Carnegie Steel Company as a parting gift, $4,000,000 for pensions to the men and $1,000,000 to maintain the libraries and halls I had built for them. I was greatly pleased when later the United States Steel Corporation saw fit to duplicate my gift, adding $4,000,000 more to the fund for pensions. I have just read the following report of this joint fund with great satisfaction:—

"'The fourth annual report of the United States Steel and Carnegie Pension Fund, made public to-day, shows that since January 1, 1911, when the fund was established, retired employes of the Steel Corporation have received in pensions $1,575,021.33. For the year 1914 the total disbursement from the pension fund amounted to $511,867.90, which was a gain over the previous year of $89,152.76, and a gain over 1912 of $89,152.76, and a gain of $230,510.53 over the first year of the fund's existence.

"'The Pittsburg district leads in the amount of money paid out to the aged and infirm former employes of the various subsidiary companies. To retired mill operatives in the Pittsburg and Valley districts the sum of $222,656.33 was paid during the year, and to this may be added the sum paid to the coke workers in the fields adjacent to Pittsburg, which amounted to $59,995.66, making the total for the mills and mines in the district $283,651.99.

"'Pensioners in Cleveland and its vicinity received approximately $50,000. In the Chicago district the amount distributed to former mill workers was $30,157.86. In New England retired employes of the Worcester (Mass.) plants received $38,855.56.

"'There are now 2,521 beneficiaries of the fund. During the year 612 pensioners were added and 183 died. The average pensions of the cases added were $20.40 a month, the average age of the pensioners being 63.33 years and the average term of the service 28.76 years. Under the rules of the fund not less than $12 nor more than $100 a month is paid.'

"The Hero Fund which I was privileged to found has always interested me most deeply, perhaps because the idea came to me through personal experience. Mr. Taylor, who was formerly superintendent of a coal mine near Pittsburg, heard that an accident had occurred and immediately drove to the mine and called for volunteers to descend with him to the rescue of those below. A number promptly responded and many were saved, but Mr. Taylor, the volunteer hero, lost his life. Here was one of the true heroes of civilization, who save and serve their fellows. The heroes of barbarism wound and slay theirs.

"I could not rest until I had founded hero funds, with a total capital of $11,790,000. The report of the annual meeting held at Pittsburg on January 20 shows awards given to forty heroes or their wives and families, with a total of 1,027 awards since the fund began operations. Every case is most carefully investigated. We require absolute certainty and proof given by witnesses. We want no bogus heroes. We find the Mayors and leading citizens of all communities most anxious to aid us to obtain such proof.

"The Carnegie Institute of Pittsburg, one of the greatest gifts I have made, has not been mentioned. It has cost so far $24,000,000 and has more than three thousand students, from forty-two States, 1,288 of whom are men from the industries, trying to improve their conditions.

"The fees are only nominal, averaging $25 a year, which is one-fifth to one-tenth what is usually charged. The cheapest we know of elsewhere charges $150.

"During the last year the students of the institute have earned in their spare time a total of $291,589.62.

"Another feature would, I think, surprise you, Mr. Chairman. We have a women's department, educating the young to become themselves educators of others. Each goes through a course of instruction, from dishwasher and sweeper to housekeeper, and finally, playing the hostess for a term, receives her guests. Mrs. Carnegie and I always have luncheon with them, and I assure you we have the reception and attention of the genuine lady. Such distinguished foreign visitors as Baron d'Estournelle de Constant have been there and have not failed to express and publish their surprise and pleasure.

"Mr. Chairman and gentlemen of the commission, we invite you to attend our next annual meeting, at the end of April. The President of the United States, when president of Princeton University, once made the opening address and has given a conditional promise to open the next exercises should conditions permit. I beg you to come and insure you proper accommodations in Pittsburg. We will show you everything as it is for the year round and let you judge for yourself.

"Some were at first apprehensive that our workmen would not favor the technology schools, which teach young men advanced modes of workmanship. These fears, however, have proved groundless.

> **"The men are sending their sons to the institute and rejoicing that they are to be advanced and rendered capable of higher scientific service. This step in advance is indorsed by the unions, and let them be credited therefor. Another proof that labor is fast supplanting prejudice.**

"I predict that many of these pupils are to rise to eminence and be a source of happiness and pride to their parents.

"There is another department I had not supposed it would be necessary to mention, but consideration has led me to believe that it is much better to make no exception whatever in replying to your request.

Security for Widows' Funds.

"After retiring from business I soon found that the widows of friends who passed away were sorely troubled how best to secure the safety of funds left to them. I volunteered to accept the money of one widow, giving her my note for the amount and agreeing to pay six per cent a year. The relief she felt was so surprising that I continued doing this as other dear friends passed away until the number of depositors has now reached 148, with a total of $3,137,394.20 in deposits.

"I do not know of any service to widows which brings such relief. It relieves the widow of doubt about the security of the fund upon which she is able to live in comfort. Of course, the deposits and security are regularly examined by a representative of the State Department of Banking. Six per cent is a higher rate than banks would pay, but I feel quite justified in being liberal.

"I confess to being greatly surprised to learn within the last few days that I have no less than 481 pensioners upon my list, receiving a total of $214,954.56 a year.

"These pensions are continued to the widows. This fund also has been kept secret hitherto, but your call for statement of all foundations seems to embrace this.

> **"Shakespeare has tersely put the solution of wealth and poverty before us in these words:—'So distribution should undo excess and each man have enough.' The trend is in this direction in our day, but its fruition may mean centuries of progress, slow but sure, for all grows better.**

"The complete statement up to the close of last year shows that the total of our foundations and gifts amount to $324,657,399. The work still goes bravely on, thanks to the wise management of the able and willing trustees, and also of the employes, who often assure me that it is labor in which they delight. I am indeed a most fortunate man and think myself in nothing else so happy as in a soul remembering my dear friends, to whom I owe so much.

"Gentlemen, we have six foundations, but I understand that three only of these have been called upon to answer questions. If at any time you wish to call the heads of the other foundations, or ask further questions, they will be most happy to respond. We have nothing to conceal."

To Be Called "Andy" Behind Back a Tribute Worth While, Says Man Who Gave Millions

Once Employes Begin to Do That, Mr. Carnegie Asserts, You Can Get Along with Them—Dictates Form of Question to Chief Investigator.

As Mr. Carnegie laid down his manuscript he stood beaming upon the members of the federal commission like a veritable Santa Claus. Mr. Walsh and the Commissioners who represent organized labor still eyed him coldly, but many in the audience already showed a more sympathetic attitude, for they had laughed outright with the speaker a dozen times—never, however, without eliciting from the chairman his caustic warning that there must be no audible expressions of approval or disapproval, under penalty of clearing the room.

Mr. Carnegie now resumed his chair, leaned forward, rested his elbows on the table, knitted his fingers together and fixed a thoughtful gaze upon Mr. Walsh. The examiner remarked soothingly:—"Now, just a few questions, Mr. Carnegie, for the commission is not going to detain you very long." Mr. Carnegie again beamed acquiescence and nodded good naturedly, as though to say, "Just go as far as you like."

Mr. Walsh "wound up" for his first question, and when he delivered it straight over the plate it ran like this:—

"What do you believe to be the responsibility of directors of industrial corporations for the labor conditions prevailing in their plants? It has been testified here that directors in these concentrated industries, as they have been called, receive reports upon the financial conditions, inspections of machinery, comparison of production, sales and such matters as that. In your opinion should they also not receive as definite and frequent reports upon labor conditions?"

"I think it would be well," replied the ironmaster. "I think they would appreciate it, but I think if I were a director and I heard of no complaints, nothing going on, I would take it for granted that everything was right. It would be when notice was served that trouble had been created that then I should feel it my duty as a director to go down and consult with the others."

"Well, do you not believe, in view of the number of industrial disturbances"—

Dictates Form of Question.

"My friend, now," said Mr. Carnegie, interrupting the examiner, "will you please put your question in another way? When you say, 'Do you not believe,' that would imply that you would have me give acquiescence to your view, and I want to give my own. Be kind enough to say 'Do you?' and so ask me."

A peal of laughter greeted this sally by the smiling witness, and Mr. Walsh, discomfited, exclaimed:—

"We must have perfect order, because I want to have a connected statement here."

Then the examiner restated his question, complying with Mr. Carnegie's request:—

"Should a director so keep himself advised in view of the recurring disturbances of labor in the large industries, as to the condition of labor, the wages paid, the hours of labor, the conditions surrounding the labor, so that he might have his voice in averting trouble?"

"I certainly believe he should look into it, should give it attention, always supposing he has been apprised of the difficulty. If everything is running well the president and officers do not apprise him of trouble. He might go on in perfect innocence of there being any difficulty. But if he is apprised then I think it would be his duty as a director to go and do the best he could to harmonize things."

"Should the director or the Board of Directors establish some system of reports by which they would be constantly apprised of conditions that might lead to industrial strife at any time?"

"I think it would be well," replied the witness. "I think it would be a great improvement."

"That does not seem to be the custom among directors of corporations at the present time?"

"Well, it is so long since I was a director—you must remember I have been out of business for fifteen years. I think, however, that the duty there would devolve upon the president of the institution, and that if there is trouble with labor the natural recourse would be to call the Board together and consult. I go entirely with you there. But at the same time I could not blame a gentleman who was a director in one of these institutions who had not heard of anything. You must bring knowledge home to him."

"What do you say as to the desirability and right of workmen to form organizations of their own for what they believe to be their mutual protection and benefit?"

"Why, I should be delighted to hear from every such organization." Again the Laird of Skibo's face was radiant.

"Do you believe in the principle of collective bargaining, or the so-called right of men to bargain collectively with their employers?" asked the examiner.

Mr. Carnegie's eyes were twinkling with the light of pleasant retrospection as he answered:—"Why, yes; I had great times. I never objected—and the more I got on the committee of men the better I liked it."

"Your experience then has been, I take it from your answer and from that you have read from your paper, a pleasant experience rather than otherwise?"

"Why, I never enjoyed myself so much—I tell you I took back to the old days—that is the chief joy I have."

> **"I burst out laughing many a time when I think of McLuckie, or 'Billy' Edwards catching him there, 'You take my job.' That was the cleverest thing I ever did—'Order, Mr. Edwards; order. Mr. Carnegie takes no man's job!'"**

"You never felt, Mr. Carnegie, that you could not confer with any men representing an organization of workmen that came in a businesslike and respectable manner to confer with you?"

"I was only too glad when the workmen came. I felt pretty sure that if they came to consult with me we would part all right." Mr. Carnegie's canny eyes narrowed almost into a knowing wink. The audience now smiled with him.

"And did you find that it was usually a means of establishing peace to so deal with your workmen?"

Men Called Him "Andy."

"Undoubtedly; I knew them by name, and I delighted in it. And, you see, behind my back they always called me 'Andy.' I liked that; I would rather have had it than 'Andrew' or 'Mr. Carnegie.' There is no sympathy about that. But once you have your men call you 'Andy' you can get along with them."

At this point the unfailing good humor of "The Star-Spangled Scotchman" had become positively irresistible. The six hundred persons who now crowded the room, many of them standing and eagerly straining to catch every word, let themselves go in a roar of merriment. For the first time the serious faced chairman and his colleagues relaxed and joined unrestrainedly in the laughter. Mr. Carnegie had captured the house.

With equal good nature Mr. Walsh remarked:—"Mr. Carnegie, we had little difficulty in restraining the audience until you came."

"Oh, that's all right," chuckled the witness, as though quite willing to repudiate any need of an apology. "But we must have order," added the chairman, feebly.

"Why, I congratulate you upon your audience," said Mr. Carnegie, permitting his eye to rest upon the front rows, which were completely filled with attentive and highly entertained women listeners. Then he beamed upon the women and they returned his cherubic smiles as the ironmaster went on:—

"Do you know, one of the greatest triumphs of this age is the elevation of women?" An outburst of applause greeted this sentiment and the women socialists were now gazing at the little steel king like the maidens in "Patience" gaze upon Bunthorne.

Mr. Carnegie had now captured the meeting completely, and he

"Never had the slightest indication of anything of that sort."

"Now we are going to excuse you permanently, Mr. Carnegie, and thank you very much for what you have told us."

"The thanks are reciprocated. I have not spent a more agreeable afternoon, I cannot tell you when. Do not forget to come to Pittsburg if you want to see something there worth while."

"We are going to hold a hearing in Pittsburg," said Mr. Walsh cordially. It had almost become a love feast now.

"Oh, I see. I am very glad. I thank you very much," continued Mr. Carnegie, and then the affable ironmaster stepped from behind his table, and shook hands with each of the federal inquisitors. He had met them and they were his.

"Have you ever been called upon to answer questions—have you found any persons or institutions which seemed to alter their avowed principles or previous methods of procedure in order to secure your other gifts?"

"No; I cannot remember any such thing. When you get a lot of able, good men, capable of making their fellows' conditions better, of elevating the world and standing for all that is refined and pure and noble, you can always depend upon such men. And it would be as great a miracle that there should be a bad man in that line as that there should be a Judas Iscariot among the Apostles."

"Has your attention ever been called to an apprehension that these large foundations were a possible menace to American educational institutions—have you found

CARNEGIE'S FAITH IS IN COOPERATION

N.Y. Evening Sun Feb 5/15

Tells Federal Board Capital and Labor Will Some Day Rank as One.

In a story telling vein, illuminated here and there with touches of humor, Andrew Carnegie read a statement to the United States Commission on Industrial Relations at its hearing to-day in the Metropolitan Life building.

When Mr. Carnegie mounted the platform at 2:10 oclock this afternoon he took a position back of the little stand to the right of the commission of inquiry and leaned on it rather heavily. He started to speak, and his voice was very weak. Mny observers were amazed by the extent to which he has aged in the last few months.

Chairman Walsh asked Mr. Carnegie to take a seat behind the stand in the chair placed for witnesses, and Mr. Carnegie did so, and proceded with his statement under some difficulty. The chairman then perceived the situation, and leaned forward to suggest, "There is no objection to your standing, Mr. Carnegie, if you prefer."

"I do prefer to stand," said the ironmaster. "I am more acustomed to talk standing up, though I'm not much of an orator."

When asked to name his ocupation Mr. Carnegie said: "My business is to do all the good I can for mankind. I have retired from active business."

Mr. Carnegie's reading of his typewritten statement followed.

It consisted in part of a defence of the Laird of Skibo's actions during the Homestead strike of twelve years ago. At the time Mr. Carnegie was accused of "cowardly" conduct by coaching through the Scottish Highlands on a holiday instead of returning to this country and helping settle the labor troubles in the Homestead Rolling Mills.

Quotes From Letter.

Mr Carnegie quoted from a letter written by his "chief partner," Henry Phipps, under date of Jan. 30, 1904, giving his reasons for remaining abroad.

Mr. Carnegie then told how "some of the men in the plant cabled him. 'Kind Master, tell us what to do and we will do it for you.' But it was too late." He cited several incidents and anecdotes of the strike which have never before been made public. One of them ended with the eulogy "that was damned white of Andy," which Mr. Carnegie suggests as not a bad epitaph to grace one's tombstone.

The profit-sharing schemes initiated in the plants of the United States Steel Corporation were praised by Mr. Carnegie as the most advanced step in solving the difficulties between capital and labor. He paid tribute to Judge Gary, the present head of the Steel Corporation, for this plan whereby employees acquire stock and declared that capital and labor would one day rank as one "notwithstanding the hesitation to cooperate shown by some labor champions."

There was not a word of universal peace or international disarming. Here is Mr. Carnegie's statement:

I have read with deep interest the testimony given before you by many millionaires, Messrs. Schiff, Belmont, Guggenheim, Perkins, Gary, and notably Miss Tarbell, who though not a millionaire certainly deserves to be; she seems to have a firm grasp upon the problem and proves herself one who studies the question and rightly appreciates the great progress made during her time. I agree with her statement, "Sane publicity is the cure for most evils in American industrial life." Last, but not least, the testimony on Friday of that unaccountable being, Henry Ford, who declared that he could make every convict in Sing Sing a competent, trustworthy laborer in the vineyard. I am not disposed to question anything that this prodigy asserts. Success to him! By all means let us give him a trial. His success here would be no more of a seeming miracle than his success with the Ford car.

I never bought or sold shares on the exchange; all my earnings were from manufacturing. If it were necessary for me to return to that calling I should not consider the problem of labor as at all difficult. On the contrary, I enjoyed conferences with our men. We have one rule, come what may, we would never think of running our works with new men. Able, sober, well-behaved workmen such as ours were, are not to be picked up on the streets, and we wished no others. We were very particular in regard to drinking: First offence, men were excluded thirty days; second offence, sixty days; third offence, we parted company.

The Homestead Riot.

We have only had one serious disaster with labor; but that was terrible indeed. I was coaching through the Scottish Highlands on my holiday and did not hear of the lamentable riot at Homestead until days after it occurred. I wired at once that I would take the first steamer home, but was requested not to come. My chief partner, Mr. Phipps, in a letter to the New York *Herald*, Jan. 30, 1904, explains it as follows:

"Question—It was stated that Mr. Carnegie acted in a cowardly manner in not returning to America from Scotland and being present when the strike was in progress at Homestead.'

"Answer by Mr. Phipps—When Mr. Carnegie heard of the trouble at Homestead he immediately wired that he would take the first ship for America, but his partners begged him not to appear, as they were of the opinion that the welfare of the company required disposition to always grant the demands of labor, however unreasonable. I have never known of anyone interested in the business to make any complaint about Mr. Carnegie's absence at that time, but all partners rejoiced that they were permitted to manage the affair in their own way."

Some of the men at the works cabled me: "Kind master, tell us what you want us to do and we will do it for you." It was too late.

I supposed from Mr. Phipps's cable despatch that all was settled and decided it was best to conform to my partners' wishes. My partners made a most generous offer to the workmen. The new Homestead Rolling Mills increased product 60 per cent. over the old. The rollers were offered 30 per cent. advance in wages, one-half of the total gain. I would not have done more. The error was in trying to start with new men, against our rule. But here again, I understand the Governor of the State, with troops at Pittsburg, wished the law vindicated. With this exception we never had a grave disaster.

"Folly His Best Virtue."

One or two partners out of our forty may, as Mr. Phipps states, sometimes consider me foolish "in always yielding to labor," while I am satisfied that for every dollar so spent we had indirectly ample and more than ample reward. Frankly I consider that folly was one of my best virtues.

The workmen that we had, sober, well-behaving men as they were and are to-day, are the most profitable of all, and many of them rose to permanent, high salaries, and not a few to partnership, of which we had not less than forty odd, who are organized to-day as the Carnegie veterans and dine once a year in our home. They come from all parts of the land.

You might like to hear the following incident connected with the Homestead strike:

The Governor of Pennsylvania, I understand, wished certain of our workers arrested for riot and bound over for trial. Consequently some of these disappeared, among them the Burgess of Homestead. Some time afterward my friend, Prof. Van Dyke of Rutgers College was ordered to California for his health. Upon his return he told me that he had met the ex-Burgess working as a laborer in a Mexican mine at Sonora. I asked him to offer McLuckie any help he might need, and upon his return to the West he did so. Meanwhile McLuckie had got a position with the Sonora Railway, driving wells, and was succeeding admirably. The professor said: "You don't know whose money I was told to help you with." He said that he had no idea. "Well, it was Mr. Carnegie's." Then came the slow, earnest response: "That was damned white of Andy."

Not a Bad Epitaph.

When I heard this I suggested to my friend Van Dyke that it wouldn't be a bad epitaph to grace one's tombstone. If it ever did I hoped there would be no long blank between the ds. Each letter should be put down to give McLuckie's proper expression.

When I talked to the Homestead rollers upon my return I told them my partners had offered liberal terms and I could not have offered more. One roller said: "Oh, Mr. Carnegie, it wasn't a question of dollars! The boys would have let you kick them, and they wouldn't let another man stroke their hair."

May I trouble you with one example of the working of our system? Upon one of my visits to Pittsburg I met the men who wished a conference. They asked that payments be made every two weeks instead of monthly, as the Pennsylvania Railroad employees were then paid. One named Johnny Edwards, a clever workman and fine fellow, rose to state their case. He said that if they were paid semi-monthly it would be equal to a rise in their wages. He and his wife visited Pittsburg the last Saturday in each month and bought a full month's food supply, thereby saving one-third on shop prices near the works. "Why don't other workmen do the same?" I asked. He replied: "Few of your men can afford to buy a month in advance. My wife and I can."

Here was an opening; I decided it would be semi-monthly payments thereafter, and so it was.

Then Edwards said: "There is another unfair charge; the coal dealers here charge almost double for coal in small quantities."

Coal at Cost.

"Indeed," I said, "hereafter our workmen get their coal at the exact wholesale coast to us, not one cent of profit."

"And," said Edwards, "we don't want to be too troublesome, but everything we buy here is far dearer than in Pittsburg." "Well," I replied, "why not start a shop of your own? Rent one on Main street, and we shall pay the rent, organize and run it, and charge our workmen just enough to pay your way," and this was done, but sorry to say, the shop did not prove successful, as retailers reduced prices. A victory!

You have here an illustration of the disadvantages workmen are often compelled to bear. There was another feature. We offered our men 6 per cent. upon all the savings left with us, payable on demand. And here let me congratulate Judge Gary and his board upon the greatest step yet taken. When workmen were made shareholders they were sold shares in the company upon a very liberal basis and guarded against loss. I consider this the greatest of all steps forward yet taken for making workmen and capitalists fellow workmen indeed, pulling and owning the same boat. This cannot fail to prove highly profitable to both; far beyond the pecuniary advantage I esteem the fellow partnership which makes Judge Gary, Mr. Farrell, Mr. Dinkey and other high officials fellow partners with their workmen.

Sees Steady Progress.

All this reveals steady progress upward and onward to the benefit of both labor and capital, which will some day rank as one, notwithstanding the hesitation to cooperate shown by some labor champions who are still extremists and do capitalists injustice, but this must steadily fade away. As I told the great audience at Homestead upon my first visit after the strike, we shall one day all recognize capital, labor and business ability as a three legged stool, each necessary for the other, neither first, second nor third in rank, all equal.

Lest my summing up may seem one-sided, I will give a proof of my effort to hold the scales equal between capital and labor. Only once have I had experience of a determined effort to commit wrong upon the part of labor. It is true that the men at the Edgar Thompson blast furnaces sent in a written demand for an immediate advance of wages which, if refused, would end in the furnaces being left unfilled. Upon receiving a telegram to this effect I took a night train from New York and got off at the works next morning. I found a long train of our empty box cars ready to house new workmen if necessary. I directed these to be pulled out of the yard and sent away, stating that three would be no strike, and notifying the leaders of each of the three different divisions of labor to appear as soon as practicable that I might consult with them. The leader of each department with one or two aides arrived. We assembled in the committee room. I addressed the chairman of the committee of the converting works first:

"Mr. chairman, have we an agreement with you?"

Stood by Agreement.

The answer came, "You have, and you haven't enough money to make us break it!"

"There speaks the true American workman," I exclaimed.

Addressing the rolling mill chairman, I asked the same question and the reply was to the same effect. I then addressed Mr. Kelly, the chairman of the furnace committee, who had presented this demand.

"Mr. Kelly, have you an agreement with our company?"

He said that an agreement was presented and he had signed it and supposed it was all right. Just then the irrepressible Capt. Jones broke in, "Mr. Kelly, you know I read all of it to you!"

"Silence, captain, Mr. Kelly can speak for himself. I receive many communications and documents which I haven't time to read. If they were of a formal nature I have sometimes signed documents without giving them careful attention, but Mr. Kelly, I have always stood prepared to take the consequences, and I never broke contracts. Now, Mr. Kelly, you have signed that treaty, and you can break it, but the grass will grow over these works before we will have such men in our employ. It will be heralded through the world as a disgrace to labor. You wished your answer at 4 o'clock. It is now a little after 3, but you have your answer. Go!"

A little later some one who was coming in as they were passing out and who had got in the crowd said that a fine looking fellow had pushed across the hall and said to Kelly: "There is to be no damned monkeying around these works." Some of the men being curious to know what would be the result had gathered at the blast furnaces. To their inquiries Kelly replied, "Get to work, you spalpeens; the little boss just hit from the shoulder."

There was no strike and that is the best service I ever rendered to American labor, so that although I was inclined to yield to labor, I drew the line at contract breaking. This was the first time I had found labor ready to break a contract, and it was the last.

We once proposed making a change in the distribution—not in the amount—of wages among the different departments of the steel rail mills as new machinery was introduced. The conferences were held in Pittsburg. After several days' consideration, I had to leave for New York by the night train. The men in the mills asked by telegraph if I could meet them in our office in the afternoon. I answered "Yes." They came to the city and were seated in the board room. Mr. Edwards, who was again spokesman, began:

"Mr. Carnegie, we agree that there is a sufficient sum proposed for our total work, but we think it is not wisely divided. Now, Mr. Carnegie, you take my job"——

"Order, Mr. Edwards, order, Mr. Carnegie takes no man's job."

Suppression was impossible, out came roars of laughter, and foot stamping and the victory was won. We shook hands, and I was off on the night train. Money is not the foremost or sole object of the better class of workmen. That play upon words with Billy Edwards did the business.

Beginnings of Business.

We began manufacturing with a capital of $7,500; my share I borrowed from a bank in Pittsburg. When superintendent of the Pennsylvania Railroad I had seen a wooden bridge burn, blocking traffic for eight days, and I believed in iron bridges; the day of steel had not yet arrived. From this small beginning grew the Edgar Thomson steel works, Homestead works, Duquesne works, the blast furnaces and locomotive works at Allegheny, our gas wells in West Virginia and the great ore fields we bought from Mr. Rockefeller.

It is fourteen years since I retired from business in pursuance of my decision to cease accumulation and begin distribution of surplus wealth, in which I am still engaged. In 1888 I published an article in the *North American Review*, which was afterward christened "Gospel of Wealth," by Mr. Gladstone. He commented upon it in *The Nineteenth Century*. It attracted attention and many answers were sent to this magazine. I quote you the following extract from the "Gospel of Wealth":

"The Problem of Rich and Poor."

"Thus is the problem of rich and poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be but a trustee for the poor, intrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the development of the race in which it is clearly seen that there is no mode of disposing of surplus wealth creditable to thoughtful and earnest men into whose hands it flows, save by using it year by year for the general good. This day already dawns. Men may die without incurring the pity of their fellows, still sharers in great business enterprises from which their capital cannot be, or has not been, withdrawn, and which is left chiefly at death for public uses, yet the day is not far distant when the man who dies leaving behind him millions of available wealth, which were free for him to administer during life, will pass away 'unwept, unhonored and unsung,' no matter to what use he leaves the dross which he cannot take with him. Of such as these the public verdict will then be, 'The man who dies thus rich dies disgraced.'

"Such, in my opinion, is the true gospel concerning wealth, obedience to which is destined some day to solve the problem of the rich and the poor, and to bring 'peace on earth, among men good will.'"

"In accordance with this doctrine, my first act upon retiring from business was to give $5,000,000 to the workmen of the Carnegie Steel Company as a parting gift, $4,000,000 for pensions to the men and $1,000,000 to maintain the libraries and halls I had built for them. I was greatly pleased when later the United States Steel Corporation saw fit to duplicate my gift, adding $4,000,000 more to the fund for pensions. I have just read the following report of this joint fund with great satisfaction.

Amount Paid in Pensions.

"The fourth annual report of the United States Steel and Carnegie Pension Fund made public to-day shows that since Jan. 1, 1911, when the fund was established, retired employees of the Steel Corporation have received in pensions $1,575,021.33. For the year 1914

the total disbursement from the pension fund amounted to $511,967.90, which was a gain over the previous year of $89,-152.76, and a gain of $230,510.53 over the first year of the fund's existence.

"The Pittsburg district leads in the amount of money paid out to the aged and infirm former employees of the various subsidiary companies. To retired mill operatives in the Pittsburg and valley districts the sum of $222,-656.33 was paid during the year, and to this may be added the sum paid to the coke workers in the fields adjacent to Pittsburg, which amounted to $59,995.66, making the total for the mills and mines in the district $283,-651.99.

"Pensioners in Cleveland and its vicinity received approximately $50,000. In the Chicago district the amount distributed to former mill workers was $30,157.86. In New England retired employees of the Worcester, Mass., plants received $39,855.56.

"There are now 2,521 beneficiaries of the fund. During the year 612 pensioners were added and 183 died. The average pensions of the cases added were $20.40 a month, the average age the pensions being 63.33 years and the average term of the service, 28.73 years. Under the rules of the fund not less than $12 nor more than $100 per month is paid."

Interest in Hero Fund.

The Hero Fund, which I was privileged to found, has always interested me most deeply, perhaps because the idea came to me through personal experience. Mr. Taylor, who was formerly superintendent of a coal mine near Pittsburg, heard that an accident had occurred and immediately drove to the mine, called for volunteers to descend with him to the rescue of those below. A number promptly responded and many were saved, but Mr. Taylor, the volunteer here, lost his life. Here was the true hero of civilization who saves and serves his fellows. The heroes of barbarism wound and slay theirs.

I could not rest until I had founded hero funds with a total capital of $11,-790,000. The report of the annual meetings held at Pittsburg on Jan. 20 shows awards given to forty heroes or their wives and families, with a total of 1,027 awards since the fund began operations. Every case is most carefully investigated. We require absolute certainty and proof given by witnesses. We find the mayors and leading citizens of all communities most anxious to aid us to obtain such proof.

The Carnegie Institute of Pittsburg, one of the greatest gifts I have made, has not been mentioned. It has cost so far $24,000,000 and has over three thousand students, from forty-two States, 1,288 of whom are men from the industries, trying to improve their condition.

The fees are only nominal, averaging $25 a year, which is one-fifth to one-tenth what is usually charged. The cheapest we know of elsewhere charges $150.

During the past year the students of the institute have earned in their spare time a total of $291,589.62.

Have Women's Department.

Another feature would, I think, surprise you. We have a women's department, educating the young to become, themselves, educators of others. Each goes through a course of instruction, from dishwasher and sweeper to housekeeper, and finally, playing the hostess for a term, receives her guests, Mrs. Carnegie and I always have luncheon with them, and I assure you we have the reception and attention of the genuine lady. Such distinguished foreign visitors as Baron d'Estournelle de Constant have been there and have not failed to express and publish their surprise and pleasure.

Mr. Chairman, and gentlemen of the commission, we invite you to attend our next annual meeting at the end of April. The President of the United States, when president of Princeton University, once made the opening address, and has given a conditional promise to open the next exercises should conditions permit. I beg you to come, and insure you proper accommodation in Pittsburg. We will show you everything as it is for the year round and let you judge for yourself.

Some were at first apprehensive that our workmen would not favor the technology schools, which teach young men advanced modes of workmanship. These fears, however, have proved groundless. The men are sending their sons to the Institute and rejoicing that they are to be advanced and rendered capable of higher scientific service. This step in advance is indorsed by the unions, and let them be credited therefor. Another proof that Labor is fast supplanting prejudice! I predict that many of these pupils are to rise to eminence and be a source of happiness and pride to their parents.

There is another department I had not supposed it would be necessary to mention, but consideration has led me to believe that it is much better to make no exception whatever.

Care for Widows' Funds.

After retiring from business I soon found that the widows of friends who passed away were sorely troubled how best to secure the safety of funds left to them. I volunteered to accept the money of one widow, giving her my note for the amount and agreeing to pay 6 per cent. a year. The relief she felt was so surprising that I continued doing this as other dear friends passed away, until the number of depositors has now reached 148 with a total of $3,137,394.20 in deposits. I do not know of any service to widows which brings such relief. It relieves the widow of doubt about the security of the fund upon which she is able to live in comfort. Of course, the deposits and security are regularly examined by a representative of the State Department of Banking. Six per cent. is a higher rate than banks would pay, but I feel quite justified in being liberal.

I confess to being greatly surprised to learn within the past few days that I have no less than 481 pensioners upon my list, receiving a total of $214,954.56 a year.

These pensions are continued to the widows. This fund has also been kept secret hitherto, but your call for a statement of all foundations seems to embrace this.

Shakespeare has tersely put the solution of wealth and poverty before us in these words: "So distribution should undo excess and each man have enough." The trend is in this direction in our day, but its fruition may mean centuries of progress, slow but sure, for all grows better.

The complete statement up to the close of last year shows that the total of our foundations and gifts amount to $324,657,399. The work still goes bravely on, thanks to the wise management of the able and willing trustees, and also of the employees, who often assure me that it is labor in which they delight. I am indeed a most fortunate man, and think myself in nothing else so happy as in a soul remembering my dear friends, to whom I owe so much. Gentlemen, we have six foundations, but I understand that three only of these have been called upon to answer questions. If at any time you wish to call the heads of the other foundations, or ask further questions, they will be most happy to respond. We have nothing to conceal!

ROCKEFELLER FAVORS COMBINATIONS; TELLS OF TRUE AIMS OF LABOR

N.Y. American Feb 6, 1915 (For photos See Page(3))

The Standard Oil Founder and Andrew Carnegie Witnesses Before the U. S. Commission on "Industrial Unrest;" Carnegie Claims Greater Gifts to the Public Than Rockefeller.

BOTH DEFEND FOUNDATIONS IN SERVICE OF THEIR 'FELLOW MEN.'

Steel Master Calls "Capital, Labor and Business Ability a Three-Legged Stool—All Equal." "Steady Work at Good Wages" Oil Man's Ideal—Gifts Aggregate Nearly $600,000,000.

THE two richest men in the world testified in this city yesterday before the Federal Commission inquiring into "causes for industrial unrest."

The first of these, Andrew Carnegie, nimbly mounted to the witness chair when called. He wore a neat fitting, carefully pressed cutaway suit of black, with a high Piccadilly collar and black bow tie. His only jewel was a diamond stud in his shirt front. His broad-toed laced boots were freshly shined, and he revealed, when he hitched his trousers before sitting down, a patch of white socks.

His snow-white hair was tousled, but the white beard had been carefully trimmed. There was a ruddy glow of health in his round, full, wrinkled face. His eyes twinkled through a pair of steel-rimmed spectacles.

Turning to the great crowd of spectators, he smiled benevolently. He carried in his hand a folded manuscript. Mr. Carnegie was a willing witness and was in great good humor. He stood throughout the reading of his formal statement. His voice was clear and firm. He gesticulated frequently, and occasionally pounded the table in front of him to emphasize [illegible]

ROCKEFELLER MAKES A SHRINKING ENTRY.

The laughter following his final reply h[illegible] when a rear door near the stage opened and a [illegible]dered, angular man slipped modestly, almost shrinkingly, into the room. He was the very opposite of the self-confident, debonair,

happy Carnegie. He was John D. Rockefeller.

His long, clean-shaven face was slightly pallid. His lips were tightly compressed. His eyes swept rapidly over the room and finally lighted upon the seven commissioners, to whom he bowed deferentially. Mr. Rockefeller was grave, almost sad, where Mr. Carnegie had been vivacious and "chipper."

He did not smile once throughout his three-quarters of an hour on the witness stand. He remained seated. His voice was nervous at the start, but gained in volume as he proceeded. His hands trembled slightly, and he had difficulty all through in keeping his gold-rimmed glasses on his nose.

He wore a loose gray tweed sack suit, a high lay-down collar, a black four-in-hand tie, a green scarf pin, a black and white striped shirt and no jewelry or rings. His shoes were black, laced, with heavy protruding cork soles.

He was stately and deferential where Mr. Carnegie had been genial and chummy. He was slow, deliberate, and weighed his every word. By actual count, Mr. Rockefeller's answers were given at the rate of sixty words per minute. He was heard with intense silence.

CARNEGIE GIVES HIS BUSINESS AS "DOING GOOD."

On taking the stand Mr. Carnegie gave his name and his address in a crisp voice, and when asked his business replied:

"My business is to do as much good in the world as I can. I've retired from other business."

An instant later he bounded up, smiling broadly.

"I've prepared a statement, Mr. Chairman," he said, "following the example of the other gentlemen who have appeared before you, and I request permission to read it."

"Please do," said Mr. Walsh, and as the ironmaster was about to reseat himself the chairman of the commission continued: "You may stand if you desire."

"I believe I will,' responded Carnegie. "I like to stand. I am not much of an orator, but I like to be able to stand and face the people I am going to address."

Unfolding his manuscript, he adjusted his steel spectacles, and with another jerky bow and a broad smile he plunged into the reading of the statement printed elsewhere in The American. Throughout the reading he held the manuscript in a firm hand, and for the most part he faced the audience, which crowded every part

of the big assembly room in the Metropolitan Life Building.

A large part of the statement dealt with his relations with his employes. **Mr. Carnegie gave an inimitable reproduction of his meetings with the men. He acted out each part—imitating the Scotch brogue of one workman, the Irish tone of another, the gruff voice of the superintendent.**

He referred to himself in the third person, called himself "Little Andy" (in the words of his men), pounded the table with his fists, shook his fist in the air, laughed, and leaped about on the witness stand.

Within five minutes broad titters were spreading through the audience. But as yet the members of the commission were grave-faced, and did not "warm up" to the witness. As he concluded his statement, Carnegie swung around to the Commissioners, and with a grave bow, said:

"Thank you very much for your kind attention."

STILL MASTER UNDER SHARP CROSS-EXAMINATION.

Chairman Walsh at once plunged into the cross-examination. He asked the witness his opinion as to the responsibility of directors of corporations for labor conditions in the concerns which they direct. Mr. Carnegie either couldn't or wouldn't understand the question.

"If a director should hear of bad conditions," he said, "I don't think he would fail to respond."

Walsh repeated the question. Leaning on his elbows, his hands clasped under his chin, Carnegie said:

"Of course, I think it is well that directors receive reports on labor conditions as well as those relating to the finances."

"I don't think I made myself clear," said Walsh, putting the question once more.

"If a director heard no report of trouble," was the reply, "he'd take it for granted, of course, that everything was all right. If I was a director and heard of trouble, I'd go down to the works and investigate."

"Do you not believe"—— began Walsh.

"No, now wait a minute," cried Carnegie. "Put that question another way. Your way implies that I believe as you do. Please put the question, 'Do you believe?'"

Walsh did so.

"I believe," was the answer, "that a director should look into labor conditions and give them his attention, but provided always, understand, that he is apprised of the situation. He can't be apprised if the officials don't inform him."

The witness finally admitted that it would be beneficial if a rule were established by which directors would be apprised monthly of the labor conditions in the concern.

"It is the duty of the president of the company, after all," said Carnegie, "to look after conditions, and if he has labor troubles he should consult with the directors."

Walsh next asked as to the right of workmen to organize—to unionize themselves.

"I'm delighted to hear of every such organization!" cried Carnegie.

"And you favor collective bargaining?"

"Yes. The more men I get on a committee, too, the better," he said.

His manner was all activity now, and his eyes were sparkling. "Why, I never enjoyed myself so much as when I was dealing with the boys. I look back upon that as the chief joy of my life. And that time when I faced Billy Edwards at the meeting with the men when they threatened strike, and shouted at him: 'Carnegie takes no man's job!'—that was the cleverest thing I ever did."

He slapped his closed first on the table and his face and sides shook in laughter. Walsh rapped for order as a laugh started in the crowd.

"I was always glad when they came," continued Carnegie. "I felt sure that if they came to consult with me, we would part all right. Why, I knew them all by name. And behind my back—mark this—they called me Andy! I liked that. I always said to myself, 'If you want to get along with your men, you must have them call you Andy?'"

A wave of laughter swept over the room. "Great laughter," Carnegie whispered in an aside to the newspaper reporters.

The commissioners laughed with the crowd at this. Bubbling over with good humor, Carnegie faced the throng, his eyes dancing, his face twisted up in merriment.

"Mr. Carnegie," said Chairman Walsh, "this is the first time during these hearings that I have not been able to hold the audience in restraint. You are too much for me."

"I congratulate you," was the prompt response. "And look at the ladies there," he exclaimed, plunging along, having now assumed full charge of the hearing. "I want to tell you that is one of the greatest triumphs of our age, the advancement of the position and interests of our womankind."

A fresh burst of applause swept over the house at this sally.

Smashing a pencil in his effort to secure order, Walsh himself and his fellow commissioners, fully enjoying the fun, cried: "I don't think all of you heard that sentiment of Mr. Carnegie's. If you will come to order, I will have him repeat it."

QUOTES CHINESE MANDARIN ON RELIGION.

"No, I'll tell a story," beamed Carnegie, when quiet had been restored.

On the instant the smile disappeared from his face. He leaped nimbly from gay to grave.

"Some years ago I was travelling in China," he said. "I was entertained there by a powerful Mandarin. We fell into discussion of religion, and that Mandarin said to me: **'Carnegie, I think the greatest service that your Christ rendered to your Western world was in the elevation of your womankind.'"**

He uttered the sentiment with a gesture of conviction.

"Think how true it is," he cried. "Why, out there at our institute in Pittsburgh we are educating the young women, and some of them are already receiving salaries of $3,000 and more a year."

"Just one more question, Mr. Carnegie, and we will excuse you," said the chairman.

"I'm not in any hurry," came the quick response. "I'm enjoying this."

The uproar broke out afresh. Mr. Walsh lay back helpless and allowed it to subside. Then he asked the witness about foundations. Did Mr. Carnegie think they might become a menace?

"I can't imagine that such a thing is possible," said the witness, "any trouble coming from them."

"In his testimony the other day," began Walsh, "President Eliot"——

"Eliot is one of my pensioners," cried Carnegie. "He ought to know."

Walsh explained that Dr. Eliot had endorsed the foundations, and Carnegie smiled his approval. Continuing, he said he could not believe that the teachers' fund, for instance, would influence the convictions of any one.

"There may be villains receiving pensions," was the way he put it. "But take a man like President Eliot, who receives a penson in his old age, giving him greater ease and happiness. **The great want in most educational institutions is funds. If they have funds they will be able to develop and broaden. I don't think you can point out a case of a change in the methods or spirit of teaching as a result of any of my gifts."**

Incidentally, Mr. Carnegie casually mentioned the fact that he has given to his various foundations, and in other ways, a grand total of $324,657,399. John D. Rockefeller, Jr. testified last week that his father's gifts totalled $250,000,000. So that Mr. Carnegie declared that he was $74,657,399 ahead of the richest man in the world.

HIS VIEW OF FOUNDATION'S EFFECT ON RELIGION.

Walsh asked him if he had ever heard of the religious courses in a school being modified or abandoned in order that it might avail itself of Carnegie funds.

"Never," replied Carnegie gravely.

"I certainly agree," he answered to the next question, "that, no matter what a young man thinks about the future, my money shall not close the door on him and say, 'You shall not be educated because of your faith.'

"I don't care a fig," he cried, rising, and thumping the table with his fist, "what you think about the future. My duty is with this life. The future will be all right if you obey the voice that is within."

They came next to the matter of "publicity." Carnegie, the light of humor once more beaming in his face, told a story.

"You have all heard about Lazarus," he said, "who starved to death. Why? The reason is plain. He didn't advertise."

When the laughter had subsided he continued:

"I believe in advertising. The more interest I awaken in my foundations the greater success I shall have with them."

He said he could see no harm in interlocking directorates as applied to the foundations.

"I haven't spent a more agreeable afternoon in I can't tell you how long," announced Mr. Carnegie.

He stepped down amid applause and landed within two feet of Mr. Rockefeller, who was entering. It was noticed that the two money masters of the world made no sign of recognizing each other as they passed.

The calling of Rockefeller swept over the audience like an electric spark. There had been no previous intimation that he was coming.

The news spread rapidly and fresh crowds began to pour into the room. When Mr. Rockefeller appeared the assembly room was jammed.

ROCKEFELLER FACES SOMEWHAT COLD AUDIENCE.

Mr. Rockefeller was brief, succinct, and—very reserved. Every eye was levelled upon him. On the front row of seats, a solid line of women, most of them avowed socialists, faced him. Whereas Mr. Carnegie had faced from the beginning an audience which plainly felt his magnetism, the "coldness" of three-fourths of the spectators to Mr. Rockefeller was felt.

"My name is John D. Rockefeller," he said, in a low, slightly husky voice. "My legal residence"—he seemed to lay stress upon the 'legal' since has had a controversy with the city of Cleveland on the point—"is No. 4 West Fifty-fourth street, New York City. I am a retired business man. For twenty or twenty-five years I have had no active business life."

Mr. Rockefeller had also prepared a statement, which he read. It is given elsewhere verbatim.

"If I do not read loud enough," he said, adjusting his eyeglasses with a trembling hand, "I could raise my voice if it was desired."

With slow deliberation he proceeded with the reading of the statement. That concluded, he turned inquiringly toward the Commissioner. Mrs. Harriman and Commissioner Weinstock were the only absentees. Chairman Walsh did all the questioning.

"When you established these Foundations," Chairman Walsh asked, "did it occur to you that they might become a menace to the public?"

"No," he replied carefully, clearly enunciating each word, "I can't say I had any fears on that question."

OIL MAN SEES NO MENACE IN FOUNDATIONS.

"So far as they have advanced, do you find that they have any such tendency?"

"No; I have had no occasion for any apprehension in that direction."

"I have relied upon the gentlemen who are constantly around me," he continued, "and the people generally to watch what uses are being made of the fund, and on the legislators who granted the charter. I have believed that they would be much interested, though they cannot be much more than I am."

Mr. Rockefeller said he once hoped that a Federal charter would be given the Foundation, so that safeguards would safeguard the Fund, **"but at the present," he continued, "I feel that the interests of the public are protected as we are. What the future may develop will have to be left to the future."**

His voice gained strength as he went along. With his hands clasped in front of him, his eyes fixed straight ahead, his manner calm, reflective, self-restrained, he was a most striking contrast to his predecessor. Walsh asked him about the desirability of frequent reports as to the activities of the Foundations.

"I think that would be very well," asked him about the desirability of the public should know. Such reports should be made."

"What would you say about public inspection?"

"I haven't had any occasion to contemplate anything of that kind up to the present."

"As to the possibility of the funds exercising undue influence on education?"

"I have no fear whatever in that regard. Nothing in my observation has led me to have any anxiety so far."

As he went along, color mounted into his cheeks. He began to show interest in his surroundings. His voice became clearer—its tone suggesting strongly that of his son, who preceded him a week ago, and of whom the elder said yesterday, after he had concluded his testimony:

"I am proud of my boy."

He was asked if he thought the foundation might have a tendency to induce educators to alter their course of teaching in order to get gifts from the funds. He stared at Mr. Walsh a thoughtful minute.

"I never heard of anything of that kind," he replied. "I can't imagine people doing anything like that. As to our own institution, I have no idea that it has been true. As to others, I do not know."

"The greatest power this Foundation can exercise is through its ability to give or withhold funds," said Wash suggestively.

"It is a great power—to give," said Rockefeller. "It may be equally virtuous and commendable to withhold."

This was an enunciation of one of his cardinal principles in giving.

"Great responsibilities rest on men in that regard," he added.

Walsh asked the witness about change in the charter of the Foundation.

"I think at any time anything of that sort is made manifestly desirable to the trustees," was the reply, "they would be the ones who would be glad to take any such progressive steps, if indeed they were progressive."

"If the Legislature should repeal the charter, do you feel that the fund would revert to you?"

"I have been hopeful," was the whimsical reply. "I have confidence in the board and in the people—in their good common sense. Therein lies our security."

Walsh next drove into the interesting relation of the witness to those who surround and advise him.

"My policy," said Rockefeller, "has always been to select for the lower positions in my office staff clean young men with ambition to improve. These steadily move up from the lowest positions as they show themselves qualified."

He said such instructions as he might want to give generally went through Mr. Murphy or his son. This man of many millions declared that he gives less and less personal attention to the distribution of his wealth.

Walsh led him on to the question of union labor. The crowd pressed forward. O'Connell and Garretson, of the commission, both labor chiefs, studied the witness carefully.

"I would accord to all men the right to organize themselves—working men and business men as well," he replied slowly, "with the proper limitations with respect to safeguarding the rights of the public."

A score of heads in the audience were shaken in disapproval.

"I believe the best way to help the laboring man," he resumed, "is to give him steady work and fair wages That's a better way than any and all of the charities.

Coming now to the end, Walsh put to the witness the question whether it would not be more desirable for a man of wealth to distribute his fortune through increased wages and better conditions of labor than through the establishment of Foundations. The witness considered a moment and replied:

"I would be very happy to see the laborers gradually become owners of these same prosperous businesses to which you refer. I should be only too happy to surrender my holdings in part in any and all of the industries in which I am interested that the laborer might come in and have a representative on the boards commensurate with his ownership, just as the other shareholders, thus giving them a share in the profits.

"I should be very glad to have them share the profits and feel that they were my partners, and thus, know and see the ins and outs of things."

"Have you any plan along that line "That has been practised in different industries for many years. The process is simple. A man who has the money to pay for a share simply receives his share and is already one of the firm. Thus he is entitled to a share in the profits and to know all the ins and outs of the business."

Mr. Rockefeller said he had not read the grievances of the Colorado Fuel & Iron Company's employes.

"That was beyond my reach," he said.

The testimony of the junior Rockefeller before a Congressional investigation into the Colorado situation was read, in which J. D. Jr. declared the company would stand by the men who remained at work when the strike was declared. "What is your comment on that?" he was asked.

"An employer must stand by his loyal men," was the reply. "He can't be treacherous to men who render faithful service."

Commissioner Garretson was the only member of the Commission that shook hands with Mr. Rockefeller. He was escorted into a side room as soon as he stepped from the stand. There he shook hands with some of the newspaper reporters and chatted for a few minutes, after which he was taken down a side stairway to his waiting motor car. Mrs. John D. Rockefeller, Jr., was among those who heard her father-in-law testify.

Mr. Rockefeller said he was in fine condition, and enjoyed his experience on the stand. He was followed by Congressman Lundberg, of Minnesota. Seth Low will appear before the Commission to-day.

NY Sun 2/7/15

BENEFACTORS OF THEIR COUNTRYMEN.

Two kinds of benefactors of their countrymen testified at Friday's all-star session of the Industrial Commission. Mr. CARNEGIE and Mr. ROCKEFELLER represented the sort that will attract most attention. Each of them has given away in public benefactions hundreds of millions of dollars. Since they are still giving, and it is necessary to add their private benefactions, they should be credited with having given away a sum of money almost incomprehensible but a little while ago, besides retaining together a billion, or some such sum, since a few score millions are of little account in the balance sheets of these prodigies of finance. No wonder attention is riveted on these wizards of dollars. It is idle to make common men of them, and yet the mystery of their accumulations cannot be discovered from their testimony. Both of them were frankness itself. Mr. CARNEGIE testified with the relish of youth, and could hardly be stopped. He might almost be called an ideal rich man, with no troubles except best how to serve his fellow-men. His millions are nothing in particular to him, in this world or the next. He is pledged to a state of affairs at some distant date which will cause him no embarrassment in passing through the eye of a needle.

Mr. ROCKEFELLER is an example of another type of rich man. His wealth does rest heavily upon him. His public charities are his chief care. They are on the scale of institutions, and it is difficult to find men competent to administer them, or to defend them against their assailants in the name of the public interest. Mr. CARNEGIE'S public gifts have not escaped criticism, but the rancor against the Rockefeller foundations is incomprehensible. The bitterness is so great and felt by so many that it takes boldness to challenge it. Certainly it cannot be justified upon anything extracted by the inquisitors. Intensely interesting as is their testimony from a personal standpoint, there is nothing in it at which it is possible to point the finger of scorn. Yet it is not to be denied that such was the expectation, if not the intention, of the appointment of the Commission.

On the contrary, what appear are facts impossible to match anywhere at any other time, or in any other country at this time. There was no man on the Commission, or in the room, whose expectation of a fortune for himself might not have been better than the prospects for either Mr. CARNEGIE or Mr. ROCKEFELLER at their beginnings. Neither money, nor birth, nor politics, nor friends gave them their positions. At the end of their careers they are simple Americans, without decorations or titles, and rather on defense for their accomplishments than presumers upon their possessions. There are self-made men everywhere, but not such giants. There are proud titles and great fortunes, both earned and unearned, but they have gone almost altogether to the learned, or the possessors of privilege by birth. It has been said that these fortunes were made by privilege, but it was the sort of privilege available to others by law and not running in the names of these remarkable witnesses.

This is not the exaltation of wealth, nor the denial of virtues to the poor. It is a paean to our institutions, to our country, and to the civilization which enables the accumulations of almost countless millions by selling cheap goods after good treatment of labor. Neither of these men dealt in dear products. Neither of them has the reputation of grinding the poor. Both of them bestowed upon society more than they accumulated. Mr. CARNEGIE'S only difficulty with labor was to his credit, and the only grievance of his competitors was that he was too hard a man to fight. Mr. ROCKEFELLER'S testimony was that his entrance into the Colorado labor trouble was inadvertent, through an attempt to save a wrecked company, which would have stopped the payment of wages altogether but for his assistance. He, too, was in difficulty with competitors through his ability to undersell them. Cheap oil and cheap steel are greater blessings to those who have them in the aggregate than the millions saved from their sale.

The foil to this sort of benefactor, the "comic relief" to the situation, was the other sort of benefactor, the man whose benevolent aim is to overset the conditions under which Mr. CARNEGIE and Mr. ROCKEFELLER accomplished such marvels. Mr. LINDBERGH of Minnesota is one of those lawmakers whose obsession is that they were born, and elected, to manage affairs. This is no crude thought of theirs. They have been placed in their position of instructors and benefactors by votes of those who now are receiving an installment on account of the mandate they gave. Mr. LINDBERGH'S contribution to the occasion was a carefully prepared statement of the advantages of enacting prosperity. He proposes to fix reasonable returns for capital and labor and for the products of both. All that remains is to establish the relation of profit, and wages, and prices to each other. Then there will be no more swollen fortunes, but what may be described as a sort of economic trades unionism, or averaging of the returns to all who work either with their property or brain or hands. Everybody will be reasonably rich and nobody will be unreasonably poor. There are many who think that such conditions would be better than anything this world has ever seen. There is no disputing about ideals. The fact is that the accomplishments of the first sort of benefactor are solid realities, and that all their countrymen share the conditions which both enabled and produced them. On the other hand all experience shows that the providers of prosperity by statute are unable to deliver the goods. The long ranks of the unemployed now are proof of it. We had such another hard spell when Mr. LINDBERGH'S predecessor in this line of effort sought to enact the relation between silver and wheat, which would have been child's play beside enacting the relative values of everything, so that nobody might have too much. The result of such efforts is that nearly everybody gets too little. All and sundry would do well to think over the contrast and determine anew which sort of benefactor is better for the country.

The Crime of Being a Philanthropist.

Guilty as Mr. JOHN D. ROCKEFELLER is of the atrocious crime of being a rich man who has made splendid gifts for many purposes of philanthropy, education, health, science, is he not a better democrat and a better citizen than the critics of his foundations when he says:

"I regard the right to amend or rescind the respective charters of the several foundations which inheres in the legislative bodies which granted them an entirely sufficient guarantee against serious abuse of the funds. Furthermore, I have such confidence in democracy that I believe it can better be left to the people and their representatives to remedy evils when there is some tangible reason for believing they are impending rather than to restrict the power for service in anticipation of purely hypothetical dangers."

Is anybody simple enough to believe that the Federal investigators have a real solicitude over dangers that may or may not arise in the future from the administration of the Rockefeller funds for public purposes? The Federal Commission on Industrial Relations has shown its hand from the first moment that it infested the country. It has a known attitude and a permanent bias. It "inquires" with its mind, so far as mind can properly be attributed to it, made up. It ought to be a fair, judicial body, seeking facts. It is as judicial as GOMPERS and as judicious as BILL HAYWOOD. It spreads its prejudices, its blind suspicions and animosities, its unreasoning ignorance over every hearing. It ought to be an impartial court. It is a vaudeville of claptrap, playing to the radical gallery.

We speak of the general disposition of the commission and without reference to such of its members as occasionally or oftener deviate into sense. Its chairman, the Hon. FRANK P. WALSH of Missouri, is the tuning fork of the show. Who induced Mr. WILSON to appoint this micrencephalous yawper to discharge duties for which he is so palpably unfit? Is he from the variety stage or the moving pictures? The insertion of some Colorado strikers into the investigation seems to indicate the latter origin.

But there is a very serious aspect to this farce. Take the rich at the worst moral valuation. Shall they not be allowed to "make restitution"? Shall the community be forbidden to reap the benefit of their dedication of some portion of their "ill gotten gains" to eleemosynary and humane ends? Shall such gifts be discouraged? Whatever may be or has been said against "the rich" in America, their increasing tithes and more than tithes to great public uses are a marvel of the world.

So far as cheap and noisy walshing can do it, that munificence is made to appear a peril or a crime.

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NY Tribune 2/7/15

Mr. Carnegie's Testimony.

Mr. Carnegie proved a buoyant witness before the Federal Commission on Industrial Relations. He confessed to having had an enjoyable experience, and the breezy, somewhat unconventional methods which he employed in injecting his personality into the inquiry were a source of much amusement in others. The ex-Pittsburgh ironmaster struck a note which dispelled a good deal of unnecessary solemnity which had been allowed to accumulate.

Yet it would be a mistake not to put a really serious value on the testimony which he gave. It is Mr. Carnegie's distinction that he arrived very early at a conclusion which the great industrial leaders in this country have recently been accepting and acting upon. He believed in the saving value of personal relations between employer and employed. To know the men who worked for him was to get a better understanding of their point of view and to soften differences of opinion over wages and conditions of employment.

On the stand Mr. Carnegie showed great pride in the fact that the only strike which ever occurred in his works occurred while he was in Scotland, and in the other fact that many of his partners considered him too easy-going in his relations with labor. He was undoubtedly ahead of his time in most respects in his consideration for the workers and in his notion that the best results in industry can always be obtained by making the employe feel that he is not merely an unrecognized labor unit, but has himself also some stake in the success of the enterprise of which he is a part.

Enlisting the interest of workmen by participation in stock ownership, and through relief and guarantee funds, is a commonplace in industrial management to-day. But the will to consider such things was an innovation in the time of Mr. Carnegie's greatest activity as an employer. He was a pioneer in what is now the beaten path. That is a fact which the public should remember and which Mr. Carnegie is fully justified in recalling with pleasure in these days of rapid progress toward a unification of interests between labor and capital.

TO INVESTIGATE ALL FOUNDATIONS

Dec 17/14

Federal Board Will Inquire Into Rockefeller, Sage, and Carnegie Philanthropies.

MANY WITNESSES CALLED

Leading Financiers, Educators, and Economists Now Under Commission's Subpoenas.

WILL STUDY THE CHARTERS

Effort to Ascertain if Big Self-Perpetuating Organizations Are a Menace to Public.

Special to The New York Times.

DENVER, Dec. 16.—The Federal Commission on Industrial Relations has determined upon a sweeping investigation of the country's greatest benevolent organizations. The investigation will open in New York City on Jan. 11 next. In addition to the previously announced investigation of the Rockefeller Foundation the commission, Chairman F. P. Walsh, announced today, would inquire into the affairs of the Russell Sage Foundation, the Baron de Hirsch Fund, all the Carnegie benevolences, the Cleveland Foundation, and seek the reason for the Rockefeller contributions to charitable, philanthropic, and educational institutions, which now amount to $85,000,000, in addition to the fund contributed to the foundation.

It was announced by Chairman Walsh that these organizations would be investigated to ascertain if they were a menace to the Republic's future and more than a score of the greatest financiers, educators, and economists of the country, it was asserted, would be called as witnesses. In the list are Andrew Carnegie, the two Rockefellers, J. P. Morgan, E. T. Stotesbury, Francis L. Hine, President, of the New York Clearing House Association; Jacob H. Schiff, E. H. Gary, T. P. Shonts, Theodore N. Vail, Dr. Charles W. Eliot, Dr. Arthur T. Hadley of Yale, Seth Low, and others equally well known.

It is asserted that the basis of the commission's inquiry will be the letters produced here by Jesse F. Welborn, President of the Colorado Fuel and Iron Company, showing the interest which members of the Executive Committee of the Rockefeller Foundation took in the coal strike. The investigation, the plans for which have been under consideration for several months, it is asserted will be the most important ever conducted by a Government Commission. Most of the witnesses have been subpoenaed and to make sure that none of them should be absent when needed, instructions were sent to agents of the Industrial Commission in the East today.

Wide Scope of Inquiry.

The scope of the investigation as outlined officially today follows:

"The commission will investigate the rights, powers, and functions of self-perpetuating organizations under their present charters and the extent to which these charters may be stretched under the present Constitution of the United States and the restrictions which present constitutional limitations impose.

"It will investigate the attitude of high finance toward industrial questions—what organizations such as the Rockefeller Foundation are doing to relieve industrial unrest; how the policies of these organizations are shaped and by whom; what part the source of their income plays in determining what these policies shall be; whether self-perpetuating organizations such as the Rockefeller Foundation are a menace to the future political and economic welfare of the nation; what figure they cut in politics; the labor policy of 'Big Business' in general."

Aside from the men already mentioned, the official list of witnesses includes: Frank A. Vanderlip, President of the National City Bank of New York; George W. Perkins, Director of the International Harvester Company; Daniel Guggenheim, President of the American Smelting and Refining Company; Norman B. Ream, street railway owner and banker; John Hays Hammond, mine owner; Robert W. de Forest, capitalist and Vice President of the Russell Sage Foundation; Cleveland H. Dodge of Phelps, Dodge & Co.; H. C. Frick, Adolph Lewisohn, New York banker; Thomas W. Lamont of J. P. Morgan & Co.; Seth Low, Samuel Gompers, Jerome D. Greene, Trustee and Secretary of the Rockefeller Foundation; the Rev. Frederick T. Gates, for more than twenty years in charge of J. D. Rockefeller's charities; Starr J. Murphy, personal counsel to John D. Rockefeller, and Director of Foundation; W. L. Mackenzie King, Canadian Conciliator, now with the Rockefeller Foundation; Charles P. Neill, former United States Labor Commissioner, now with Guggenheim interests; J. H. McClement, banker; John M. Glenn, General Director of the Sage Foundation; Ralph M. Easley of the National Civic Federation; Allen T. Burns, Director of the Cleveland Foundation; Samuel Untermeyer, Robert Bruere, Trustee of the Rand School of Social Science; Dean George W. Kirchwey of Columbia University, Kent Professor of Law; Seth W. Milliken, New England cotton mill owner; Prof. T. M. Carver of Harvard; Prof. Charles Austin Beard of Columbia; Prof. John Bates Clark of Columbia; Isaac N. Seligman, banker, and W. H. Allen, formerly an officer of the Bureau of Municipal Research.

Charges have been made to the Commission on Industrial Relations, according to Chairman Walsh, that the creation of the Rockefeller and other foundations was the beginning of an effort to "perpetuate the present position of predatory wealth through the corruption of the sources of public information."

Aside from the facts given above the members of the Federal commission decline to discuss the proposed investigation, but it is known that information has reached them that there is a fear, on the part of persons unnamed, that the Rockefeller Foundation and similar self-perpetuating institutions controlling great wealth will, if not checked by legislation, be used as instruments to change the form of government of the United States at a future day, and there is even the hint that there is fear of a monarchy.

It has been drawn to the attention of the commission that the Rockefeller Foundation, having originally $100,000,000 exempt from taxation, now has more than $103,000,000 in its treasury after having given away several millions annually. The growth of the fund is held to be a menace to the gold supply of the nation.

Dec

TO ARMS!

Chairman FRANK P. WALSH and his colleagues of the Committee on Industrial Relations are quite right in instituting "a sweeping investigation" of the country's greatest benevolent "organizations" if the information that reaches them is correct. Nothing could be too sweeping if it is true that the Rockefeller, Sage, and Cleveland Foundations, the Baron de Hirsch Fund, and the Carnegie benefactions are to be used "as instruments to "change the form of the Government "of the United States at some future "day," and especially if "there is fear of a monarchy."

It must never be forgotten that if we had a trust-made King, he probably would not be a mild and inoffensive one like GEORGE V. He probably would not even be a person like CHARLES I., with agreeable manners and a Vandyke beard that might go far to endear him to his subjects. He would be more like, say, PEDRO the Cruel or King JOHN, unless he went to another extreme and resembled HELIOGABALUS. What a trust-made King would be like we can imagine from a long series of Populist cartoons and Socialist speeches. He would certainly be fat, with a hard mouth having cruel lines about it; probably he would wear white side-whiskers and a white waistcoat, and he would always have a cigar tilted upward in his mouth to give a brutal twist to its corner. He would delight in oppressing the poor, he would insist on having little children labor long hours in factories, and his first royal act would be to abolish eight-hour laws and unions. Employers' liability laws would certainly follow, for such a King would take sheer pleasure in counting up the lists of employés killed and maimed in a single year and comparing them to the dead at the battle of Gettysburg.

Of course our liberties would go almost immediately. He would summon Congress only by royal writ and replace the Supreme Court with the Star Chamber. No doubt he would abolish the National Guard and substitute Janizaries. Lettres de cachet would surely supersede the writ of habeas corpus, and the navy would be recruited by press gangs. Altogether it would be very uncomfortable.

Mr. WALSH must investigate sweepingly, too, if it "has been drawn to the attention of the Commission" that the growth of the Rockefeller Fund "is a menace to the gold supply of the nation." We cannot get along without our gold supply. Even if we could, we have become attached to it and the sentimental side of financial questions is not to be ignored in an emotional nation like ours. No, the Rockefeller Foundation must let us have our gold supply even if we have to let it have its way about giving us a King.

So, when Mr. WALSH announces that these organizations will be investigated "to ascertain if they are a menace to the Republic's future," it is wonderful that he can speak so moderately. The official announcement of the scope of the investigation might be expected, under such provocation to exceed that dignified conservatism of language to which we are accustomed in such sober documents. Instead, it shows an extraordinary degree of non-partisanship, of icy, judicial impartiality. It gives no indication what its attitude will be. It says, among other things, that it will investigate to determine whether such institutions "are a menace to the future "political and economic welfare of the "nation." Who could determine from such an expression what was in the mind of the Commission? It says it will investigate "the labor policy of Big Business in general." That is a phrase suggestive of the habitual diction of the United States Supreme Court. In the circumstances, we are disposed to criticise Mr. WALSH for his moderation. He is too tame. What would ROBESPIERRE have said in the face of such a pressing peril to the Republic?

We learn from a laudatory biography of Mr. WALSH that he is a Kansas City lawyer, discovered by Secretary MCADOO. But for this lucky discovery we might have had a King in Washington before we knew it; and he might today be signing with one hand a royal warrant to behead SAMUEL GOMPERS and with the other a letter of the seal sending CHARLES EDWARD RUSSELL to the Bastille.

SUGGESTS SEIZING 'STOLEN' FORTUNES

Jan 8/15

Chairman Walsh of Industrial Board Says Millions Have Been Taken from Public.

ASSAILS BIG FOUNDATIONS

His Inquiry Will Go to the Bottom of the Source of Their Wealth, He Asserts.

WANTS A PEOPLE'S FORUM

Where Workers Can Fight Oppression and Fix the Conditions Under Which They Must Labor.

Frank P. Walsh, of Missouri, chairman of the United States Commission on Industrial Relations, told the members of the East Side Forum at a meeting held in Public School 62, at Hester and Essex Streets, last night, that one of the chief causes of unemployment throughout the country was that more than half the employing power of the United States was lodged with persons residing on Manhattan Island.

Mr. Walsh advocated as a cure for unemployment that a national commission should be established, with power "to hear the grievances of all unemployed persons and to administer industry for the welfare of the workers instead of merely for the welfare of the absentee proprietors."

He suggested that two very immediate causes of unemployment were the long hours forced upon unskilled laborers by the telephone companies and by the railroads. He urged that a minimum wage law, providing for an eight-hour day with $10 a week as a minimum wage for telephone girls and $2 a day for an eight-hour day for railroad section hands would go far toward making places for those now out of work.

Mr. Walsh asserted that on four previous occasions he had criticised the working conditions for telephone girls, but had not seen anything published as to his proposal of a $10 a week minimum wage for such workers. He praised the plan by which the public schools had been opened "to be a forum where the people can take untrammeled councils of their own interests."

Sees Peril in Great Foundations.

He characterized the Carnegie Foundation, the Rockefeller Foundation, the Russell Sage Foundation, and the Cleveland Foundation as possible menaces to democratic institutions, and added to this characterization a suggestion that the Government might take over such accumulations of wealth "by taxation similar to the income tax and that it might administer them for purposes in the usefulness of which all the people agree."

Mr. Walsh also outlined the nature of the investigation he proposed to take up this morning at the City Hall into the big philanthropic foundations and into absentee ownership of industries. Questions were sent to the speaker after he had closed his address. One which was applauded loudly was: "If you keep on talking this way how long do you expect to hold your job?"

Mr. Walsh was introduced by Carl Beck, director of the East Side Forum, "as a man from Missouri who was asking that he be shown concerning the country's industrial life."

"Our work in the Industrial Relations Commission," said Mr. Walsh, "is a work along the line of conserving our national resources. The greatest of all our national resources are the men, women, and children who toil in industry.

Workers to Fix Labor Conditions.

"We have to realize in our problem that toil and toil alone produces wealth, and the toiler is no better than a slave

unless he has for himself a compelling voice in fixing conditions under which he is compelled to work, his wages, his hours of labor, and conditions as to safety and sanitation. Low wages and the resulting evils that arise from them are at the heart of our problems today. These problems are economic in their nature and results.

"The chief purpose of our commission is to show forth conditions as to the earning power of the toilers and as to the wages which they receive for their toil. We see unions working hard for more wage rewards, but we also see great concentration in industry.

"The tenant farmer gets less than the underpaid section hand for his day's toil, yet he is a dangerously increasing class in our nation. Through the land monopoly, through the power of the employer to fix prices we are getting to a condition where the worker hardly receives wages at all, in the sense of receiving a value for his work.

"Rather the condition is so that the boss says to him on Saturday night:

"'Here's $20 in your pay envelope. Hold it for me till Monday morning, when I'll get it all back.'

"I do not believe approximate justice will ever be reached while mankind is animated with the motive that industry must be pressed harder and harder to produce its highest reward in dividends. Would I be too radical if I should say we can never expect a proper fiscal policy so long as the banks handle the wealth of the nation purely to make it pay the largest dividends? In all those great industries that make the basis of our life the ideal must be to deliver to the people the largest possible service at the lowest possible cost. The redemption of the people will not come until they are in active control of a Democracy which brings this about. Our great transportation systems grind out large profits for the few, but they can be placed in control of men who claim the rewards of their fellows not for the money they turn to the dividend account, but for the service they give at the lowest practicable figure.

Would Confiscate Some Fortunes.

"Even without changes in the laws as they are today we can do much to solve the problem of unemployment and the kindred problems that go with it. We can, for instance, take back for the people vast fortunes that have been embezzled from the people. I mean the fortunes taken from coal lands illegally filed upon in the West. A thief never gets a true title.

"Some companies have said they make no profits, or only a dividend profit of 1 per cent., yet in years when there was no change in ownership and very little increase in actual investment on these properties the value of them was raised on the books by many millions. One $10,000,000 corporation I have in mind dodged taxes to the sum of $18,000,000 through control of a local Government. To the value of $18,000,000 the Government owns that property and could get it. It ought to take it back.

Wants Babies Aided Before Birds

"There was a Colorado coal miner who said something very vital to me. He noticed in the papers that $253,000 had been set aside from the funds of a certain foundation to provide a safe retreat for migratory birds. He found out that $2,500,000 of the funds of that foundation came from the industry in which he toiled. He protested against this apportionment of the wealth to the migratory birds. He said he wanted first to see established a safe retreat for his babies and his wife.

"Is there any person who will not challenge a $100,000,000 Foundation, exempt from taxation and to be used in a way the people as a whole do not dominate? There are $300,000,000 now invested in these foundations, and there are no limitations on those funds. Suppose all of these foundations should concentrate their resources in the securities of one industry, where the toilers were making a fight for democratic control? They could crush down the defenses of the fight for industrial justice. They bring the great necessities of life under their control.

"Therefore we have instituted this inquiry, and it is not too much for me to say that we propose to go to the very bottom of these great bequests of wealth.

Seeks Tariff Returns for People.

"I have three definite suggestions in mind. One is that we so phrase our tariff law that we will have something more than a mere promise from its beneficiaries to pass the rewards along to the workmen. So that we can take the tariff benefits away from any employer who overworks his employes or beats down wages, or exploits women or children.

"The second is that we get back into the hands of the people the resources that have been embezzled and a Supreme Court decision along the lines of recent legislation would easily make this possible. The third is that we pass an act of Congress establishing a forum where the aggrieved person in industry can come and have his right to his share of the proceeds of his toil safeguarded and protected.

Would End Business Autocracy

"We cannot go on with autocracy in business. The fact that a majority of the employing power in America is lodged in Manhattan Island is a menace to the perpetuity of our institutions, for it is but a step from the autocratic control of industry to tyrannical control in Government."

Mr. Walsh described a "walled in" industrial town in Colorado where even the literature the people read was, he said, censored for them in advance. He said the control of the votes of the people in such times might in a crisis swing a Presidential election. Eight out of the fifteen Directors of the company operating such company-owned towns, he said, lived in Manhattan.

"And I propose to find out," he said, "what they know about the atrocious way their properties are managed. Do these Directors do any more than count their dividends? Do they intentionally disregard the laws of nature which give men and women the simple right to earn a living by the sweat of their brows? If these Directors do these things then we shall propose some legislation to change their tactics. What right have they to be sending shiploads of food produced in this country abroad to a foreign nation while millions in our own land starve?"

Mrs. J. Borden Harriman occupied a seat in the front row at the meeting last night with "Mother" Jones, the strike agitator, beside her. Mrs. Harriman embraced "Mother" Jones after Mr. Walsh concluded, and introduced her to a number of friends in the audience.

"Gen." John Brown, who led the forces of the striking miners in the so-called Battle of Ludlow, made a brief speech in which he assailed the Rockefeller Foundation. He announced that a mass meeting would be held in Webster Hall next Wednesday night to "expose the Foundation with speakers who were on the inside."

Noted Men to Testify.

Nearly fifty witnesses, many of whom are prominent in industrial and financial life, have been summoned as witnesses before the Industrial Relations Commission, which will begin its hearings today in the City Hall.

Among those who will testify are: John D. Rockefeller, Jr., J. P. Morgan, Jacob H. Schiff, Andrew Carnegie, Daniel Guggenheim, August Belmont, A. Barton Hepburn, Samuel McRoberts, Julius Rosenwald, Henry C. Ford, John M. Glenn, Jerome D. Greene, Paul U. Kellogg, Seth Low, and Robert W. de Forest.

See Page 4 ("Post editorial)

NEW YORK, TUESDAY, JAN. 19, 1915.

MR. WALSH'S THEORIES.

The illogical and absurd utterances of FRANK P. WALSH, Chairman of the United States Commission on Industrial Relations, at an east side meeting on Sunday will go far to convince intelligent persons that his inquiry, which began yesterday, into the causes of the present industrial situation will be conducted in a prejudiced and probably futile way. He explained that one of the reasons for unemployment is that "half the employing power of the United States is lodged with persons residing on Manhattan Island." These persons, it seems, who choose their place of residence so unwisely, live by employing others; he does not tell us how they live when they have no employment to give, but he permits us to jump at the conclusion that by neglecting to exert their "employing power," to make use of their means of existence, they reap large profits. This is sheer nonsense, of course, false as to facts and crazy in deductions, but not worse than his theory that the conditions of labor may be improved by shortening the hours of workers and instituting a high minimum wage. Obviously, if all telephone girls are to be paid not less than $10 weekly for working eight hours a day, the telephone companies will increase the charges for messages. If wages are to be increased by law all other prices will be correspondingly increased, and the relative position of the wage earner will be precisely the same.

The existence of great educational and benevolent foundations, to spread learning, to investigate the causes of diseases and prevent them, excites his wrath. The Government should control such institutions, of course, in the opinion of a man who gravely proposes the establishment of a fund to protect migratory birds on the ground that human babies need protection. Argument with such a mind as this industrial philosopher reveals is out of the question, but it is quite obvious that an investigation into a grave and highly important subject, conducted and controlled by Mr. WALSH, will scarcely develop any knowledge helpful to human progress on sound lines.

Frank P. Walsh

URGES FEDERAL REIN ON BIG FOUNDATIONS

Untermyer Also Condemns Wall St. Control of Industries at Commission's Inquiry.

RIGHTS OF LABOR SLIGHTED

"Absentee" Directors, Who Do Not Live or Vote at Their Properties, Blamed by Another Witness.

American ambition and the injustice of general conditions were the principal causes of industrial unrest in this country, Samuel Untermyer testified yesterday before the Federal Commission on Industrial Relations, which resumed its sessions in the City Hall. The captains of industry, he said, did not seem to recognize the rights of labor until they were forced to do so, and they had the industrial organization so arranged that a small group of bankers in Wall Street could control a very large number of enterprises.

Mr. Untermyer read a list of railroads which he said were controlled by J. P. Morgan & Co. and Kuhn, Loeb & Co., and he denounced the proxy system. Moreover, he regretted that the act which forbade interlocking directorates had not gone further, and prohibited as well the ownership by the same set of men of corporations which were presumably competitors.

Roger W. Babson, who followed him on the stand, discussed evils of the "absentee landlordism" of capital, and said he could not see why the control of the lives and industry of 10,000 men should be permitted to descend by inheritance any more than the office of Mayor or Governor.

It had been announced that one of the main subjects of the present hearings would be the effect of such vast foundations as the Rockefeller, Sage, and Carnegie funds on industrial problems, but they were touched on only briefly when Mr. Untermyer urged that they should be placed under Federal law, with Government representatives on their management. It is expected they will be taken up today, when Miss Ida Tarbell is to be one of the chief witnesses.

Women Hear Testimony.

Frank P. Walsh of Missouri presided, and the other Commissioners present were Mrs. J. Borden Harriman, in mourning; Harris Weinstock, S. Thurston Ballard, John B. Lennon, James O'Connell, and A. B. Garretson. The hall was well filled. A few business men were there, but the majority of the audience seemed to be of the class particularly interested in sociological subjects. There was a sprinkling of young women who listened attentively to the economic discussions, and from time to time some of the spectators would pass up notes asking this or that question to be asked.

Mr. Untermyer began his testimony by reading a general summary of his views on the questions submitted to him.

"Notwithstanding its injustice and many other shortcomings," he said, "I believe in the capitalistic system, as our only present solution. Capitalism is more powerful, more rampant, more despotic and less controlled by law or public sentiment here than in any other country, but Socialism is a beautiful iridescent dream, which does not work out a practical theory of Government. Of all the blunders of capitalism the worst is its disregard of the welfare of its industrial workers. If it were less obsessed with its own righteousness and sense of security the growth of Socialism would soon come to an end."

Regarding the Rockefeller, Carnegie and Sage Foundations, Mr. Untermyer said:

"The manner of their organization is a fair illustration of the vice of our system. These foundations do not pretend to be limited by State lines. The Rockefeller Foundation sought a Federal charter, but not being satisfied with the terms of Congress and desiring our fundamental laws against perpetuities repealed, it secured a charter from New York State. The Sage and Carnegie Foundations did the same."

Federal Law for Foundations.

"If New York had not given them what they wanted they would have gone from

State to State till they found a corporate habitation on their own terms. This should not be possible. They should be organized under a uniform Federal law. Their charters should not be perpetual. They should not be permitted to accumulate income. The Government should be represented on their boards, when the present trustees are replaced."

Mr. Untermyer demanded a national corporation law, the abolition of the control of corporations by small interests, compulsory minority representation, and the doing away with voting by proxy. He gave the commission the following list of the railroads which he said were dominated by J. P. Morgan & Co. and Kuhn, Loeb & Co.:

Baltimore & Ohio; reorganized by J. P. Morgan & Co. and Kuhn, Loeb & Co.; Mr. Coster of the Morgan firm a voting trustee.

Chesapeake & Ohio; J. P. Morgan & Co., reorganization managers.

Cincinnati, Hamilton & Dayton; J. P. Morgan & Co., reorganization managers; the late J. P. Morgan a voting trustee.

Chicago & Great Northern; J. P. Morgan & Co., reorganization managers; the late J. P. Morgan and George F. Baker, his associate, voting trustees.

Erie Railroad; J. P. Morgan & Co., reorganization managers; Mr. Morgan a voting trustee.

Northern Pacific; J. P. Morgan & Co., reorganization managers; Mr. Morgan a voting trustee.

Pere Marquette; reorganized by J. P. Morgan & Co.

Southern Railroad; reorganized by J. P. Morgan & Co.; Mr. Morgan a voting trustee.

Union Pacific; reorganized by Kuhn, Loeb & Co.

"This means," said Mr. Untermyer, "that a handful of men in this city have a potential control over the relations between the railroads and their employes and can dictate practically a uniform policy toward labor, whenever the occasion requires. It is a vastly more powerful organization than the organization of labor.

"I favor these industrial and social reforms: Insurance against sickness and invalidity and unemployment, and old-age pensions, life and accident insurance and maternity benefits. The employer, the employe, the State and the local community should contribute toward the sickness, invalidity, and unemployment insurance, as well as old-age pensions. The State should conduct industrial insurance through the existing companies, with representation for the policy holders assured by State representatives on the Board of Directors."

"Do you think the few men in control of railroad matters have such social knowledge or philosophy to use their power for the best interests of all?" Mr. Walsh asked.

New York "Provincial."

"I shouldn't like to pass on their philosophy," replied Mr. Untermyer, "but I will say that the financial people of New York have less real knowledge of the real sentiment of the country than a man from Oskosh. We are the most provincial people in the country."

Mr. Walsh brought up the case of the Colorado Fuel & Iron Company, the stock of which is held by 2,000 persons. It was shown that practically 10 per cent. of that stock controlled the property. There was enough of it in the hands of the brokers, which financial institutions controlled by proxies, to make any action on the part of the small men hopeless.

Mr. Untermyer replied that stockholders should vote in person or by mail, not by proxy. Ninety days before a meeting the management should be required to send out the names of candidates, and any stockholder should be permitted to vote for whom he pleased. Minority representation also should be insisted upon.

The witness illustrated the power of the banking houses in the case of the New Haven Railroad, which was controlled by less than 10 per cent. of the stock.

"The house that controlled it," he said, "named the President, who squandered a vast sum of money on trying to get a transportation monopoly. When trouble came, that house put the President out. You did not hear a squeak from one of the 25,000 stockholders. The power of that house over the New Haven is as great as ever."

The impossibility of really organizing stockholders was shown by Mr. Untermyer from the case of an insurance company. It has 14,000,000 policies in 10,000,000 hands. It has been mutualized, but to get even the list of shareholders would cost $200,000, and to memorialize them $300,000. So the officers, through their agents, rule the company absolutely.

Asked by Commissioner Garretson whether he would restrict the size of fortunes, Mr. Untermyer hastily said he would not. He would restrict the means by which they were made, but if a man was able to make a great fortune legitimately, he should enjoy it.

The concentration of wealth seemed to the witness to tend toward poverty, and he thought the Reserve banking law would do much to check the undue centralization of wealth.

"It will prevent the vast sums that we now have coming here from coming in the future," he said. "I consider it one of the greatest pieces of constructive legislation."

Causes of Unrest.

Mrs. Harriman obtained from Mr. Untermyer an opinion in favor of the German system of labor exchanges. Commissioner O'Connell asked him his views of the prevailing unrest. Explaining his opinion that it was the result of the injustice of modern conditions and American ambition, Mr. Untermyer said:

"It is largely due to the knowledge of how great fortunes have been gained and the belief of the industrial workers that they have thus been forced to bear an undue share of the burdens. The income tax is the only evidence ever given of a desire to share these burdens, and the Captains of industry do not seem to have a very active recognition of the rights of labor. They only give in to them when they have to."

Strikes and bankruptcies were due almost entirely to the absentee ownership of properties, according to Mr. Babson, a statistician.

"There are very few strikes," he said, "where the man who builds up an industry and lives in the same town manages it. They come when he dies, and the bankers get hold of the property. Bankers are indifferent to labor. They are only indifferent to it, and as the real owners leave the management of the property to others."

Mr. Babson reckoned that of the capital of large American industries, 80 per cent. was in the hands of men in twenty-story office buildings, 8 per cent. belonged to directors; 5 per cent. to salaried executive offials, 2 per cent. to employes, and 2 per cent. to minority shareholders.

"Are the executive officials," asked Mr. Walsh, "qualified to handle labor policies without Government restraint?"

"Yes," said the witness, "if they are let alone. But Wall Street wants quick and large dividends, and does not care, if they come, whether they come by fair means or foul, by good machinery or antiquated."

Mr. Babson was very much opposed to the enormous American fortune and the way it was handed on.

"I don't object," he said, "to a man disposing of his property, but I do to his passing it all on to one. I live in New York, and so I cannot vote in Boston. So if I own shares in a Lawrence mill and live in Europe, why should I have the right to vote?"

"Has not the owner of the stock the right to control individuals?" asked Mr. Walsh.

"That is the same question as the Emperor William has asked. We are in the same position as we were 140 years ago. England could have rallied enough allegiance if she had wanted to, as she did Canada. Capital is now in the same position toward labor, as England was toward us, and as England learned its lesson, so capital must learn hers."

Opposes Absent Directors.

Mr. Babson dwelt on the necessity of doing away with proxies and holding the anual meetings of directors not in twenty-story buildings, but in the actual mills. He instanced the American Woolen Company, with 14,000 employes, and said that not one of the Directors lived in the milling district. They know nothing about the workers.

The witness described how Mrs. Warbasse of the Denison Manufacturing Company had introduced what he considered a real system of profit-sharing among employes. She had issued preferred stock to the full share of the plant to the old stockholders, and then had chosen the employes earning $100 a month to receive the common stock. This represented the value they added to the plant, and the returns either were paid to them after the preferred stockholders had received their dividends, or were used to improve the machinery. When one of these men left or died, his stock was either bought at a regular price, or exchanged for a second kind of preferred stock ranking below that of the preferred stock held by the original shareholders.

Mr. Babson would not admit that the Ford plan was true profit-sharing. It was merely a way to increased wages. Profit was the result of the work of the foreman or the designer, and helped make wealth, he contended, while wage was the pay of the man at the bench and must be regulated simply by supply and demand.

John Mitchell and Miss Tarbell are to be the witnesses at this morning's hearing.

FOUNDATIONS' AIM PRAISED.

Fear and Distrust of Them Not Shared by Untermyer.

To the Editor of The New York Times:

Permit me to correct an error of omission in your this morning's report of the proceedings of the Federal Industrial Commission, which does an injustice to the Foundations that are under investigation. In endeavoring to point out the conflict between State and Federal laws, I pointed to the manner in which they had secured their charters, but without implying any imputation upon their purposes.

Whilst it is made to appear that I criticised them generally, I made the following statement concerning them:

> I do not share the fear and distrust of these foundations. I believe them to be prompted by the highest ideals of patriotism and unselfish public spirit. They are magnificently managed by the best intellect of the country—far better than would be possible with any public institution.
>
> The genius and resourcefulness to which their founders owed their material success have been unselfishly expended by these men upon these Foundations, which are to be the monuments to future generations of their usefulness to society. They are doing incalculable public good and no harm. Happily, their conduct does not to any appreciable extent reflect the devious methods by which these fortunes were accumulated nor the views or policies of their founders on economic questions.
>
> In every case in which the hope or expectation of future endowments may possibly be influencing the policies of the institutions the effect will be at most temporary. It will pass away with the life of the founder if there is any such present restraint. I can see great benefits and no appreciable danger from the existence of these Foundations, except from the forms of their organization.

I am anxious not to have it appear as though I had said or implied anything reflecting upon the high purposes in which these benefactions have been conceived and carried out.

SAMUEL UNTERMYER.

New York, Jan. 10, 1915.

IDA TARBELL FAVORS SCIENTIFIC CONTROL

Efficient Management, with Co-operation, Her Scheme to Quiet Industrial Unrest.

NO AID IN WOMAN SUFFRAGE

Congressman Lewis Likens Mine Situation to Feudalism—Schiff and Belmont to Testify.

Scientific management found a wholehearted champion yesterday in Miss Ida Tarbell, the magazine writer, who testified before the Federal Commission on Industrial Relations at the City Hall. Like other witnesses, she spoke of the unrest among the laboring men and set it down to their desire to better themselves, but, unlike labor unions, she contended that the great remedy for present conditions would be the principle of scientific management sympathetically and fairly applied with the co-operation of the employes to give it a fair chance of success.

Mrs. J. Borden Harriman suggested to Miss Tarbell the power of suffrage, but the witness held that lack of experience kept the wages of women lower than those of men, and that women rather than men kept the vote from women.

Congressman David J. Lewis of Maryland, Chairman of the House Committee on Labor, followed Miss Tarbell on the stand. He advocated a change in the conditions of mine ownership on the ground that it was impossible to regard a man who provided his workers with their homes, their stores, and their doctors, as well as their employment, in precisely the same position toward them as an ordinary employer of labor. He also made a set speech urging the placing of the telephone and telegraph systems under the Post Office.

Mother Jones, the agitator of the mine fields, was in the audience and scattered through the hall were many young men and women who had been prominent in labor struggles.

Miss Tarbell on Golden Rule.

Miss Tarbell, who was dressed in a black tailored suit and hat to match, described herself as "a poor journalist going around putting down merely what I observe." Chairman Walsh asked her to explain the title of a series of her articles, "The Golden Rule in Industry."

"It is the attempt," the writer replied, "to work out the policy of doing as you would be done by. There seems to be a silent revolution going on in American industry toward this end, a growing feeling that the common man is worth a good deal more than any employer or manager ever dreamed. There is an increasing desire to give him full justice and the idea is steadily at work.

"It is coming out fundamentally in what is called the science of management. This breaks away entirely from the old ideas. It means better earnings, shorter hours, and, most important of all, the development of the man as a worker.

"One reason why scientific management is so important is that it requires co-operation and collective action to make it really successful. Under it every man must be heard, whether his complaint be silly or not, either as an individual or through his representative."

Miss Tarbell said she had seen the system at work in half a dozen big factories, and laid great stress upon its power to push men out of their ruts. Asked to instance a plant, she mentioned the United States Steel Corporation's establishments, and said it was particularly exemplified by the great increase in the safety devices. She advocated short hours and high pay.

"At the Commonwealth Steel Company, at Granite City," she said, "the men now work eight hours, and the management reports they make more steel than they used to in twelve hours. It was the head of the plant who recently refused a $20,000,000 contract for shrapnel, because he did not want to make missiles to kill men. The belief is growing that the more a man can earn in short hours the better for society."

Miss Tarbell criticised union leaders for not going into the shops and studying scientific management instead of opposing it. One-third of the extra product, she held, should go to the managers, one-third to labor, and one-third to the shop.

Mrs. Harriman put forward the common objection to scientific management, the way it would work under unscrupulous employers. Miss Tarbell answered at once that then it would not work at all.

Unions and Employers.

"How can it harmonize with the unions?" asked Mrs. Harriman.

"It is a great mistake for the employers not to foster the unions and for the unions not to understand the new methods."

"Do you think the financial interests are working against suffrage to keep down the wages of women?"

"I don't think they are interested. Most of the men I know are suffragists. It is the women who are preventing suffrage."

Commissioner O'Connell asked for an example of scientific management reducing hours in a machine shop, "the prey of all experts."

"I would not use the word 'prey,'" said Miss Tarbell sharply. "Excuse me."

Mr. O'Connell said that the Bethlehem Steel Company had not cut its hours, and the witness countered with an account of a steel mill where men were leaving at 4 o'clock in the afternoon because they had performed their task. The Commissioner wanted to know how the elder men would fare under scientific management. Miss Tarbell at once replied:

"The employers should have consideration for them. A man intelligent enough to install scientific management will be intelligent enough to take care of such men."

If men wanted to prevent the workers from wanting more, Miss Tarbell said, they should not have educated them, and she thought the opposition of some employers to remedial legislation was due to unintelligence, stupidity, and greed.

Chairman Walsh suggested that the opposition to scientific management sometimes came from the fear of overproduction. This led Miss Tarbell to a denunciation of that fear. It was the policy of the trusts, she said, always to keep the supply a little less than the demand. She told of how hundreds of barrles of apples had been thrown into the Mississippi when they were plentiful, to keep the price up.

"To keep the prices up, it was at one time generally supposed, 'would make for prosperity,' she said. "It is natural that the laboring man should have shared the same idea. But I believe nothing makes work like work. This pernicious doctrine has done us terrible harm. Look at the war scare and the way it has stopped production. Abundance, abundance; we need abundance."

Congressman Lewis then took the stand and, as a man who had worked for fourteen years in the Pennsylvania coal mines, made a statement with regard to the laws of mine ownership.

Theory of Mine Ownership.

"A man can no longer own a coal mine as he owns his house and garden," he said. "Suppose a friend and I were to find 10,000 acres of coal lands in West Virginia. We ought to exploit the mines for the good of socletry. We must take the miners out there and build them houses. This gives us the relation of landlord and tenant, as well as employer and employe. Then we may have to start commissary stores. This gives us a third relation. And then we may have to supply the doctor, and perhaps even the saloon for our miners.

"So if mine employes have trouble with their employer, the result to them is disastrous. It affects all their relations to life at once, except toward their wives and children. Not only their work, but their homes and their stores, are gone, and it is inevitable that when the employer tells the men to get out there should be trouble.

"The employer is not wholly to blame, for society has told him that the mine is his just as his garden and cottage are his. But his relations with his employes are impossible in this country. They are a feudalism grosser than English history has ever shown. If all the country was in the same state, we should either cease to have private property or the Republic itself would perish."

Mr. Lewis spoke of the difficulty Congress had in proposing arbitration for the Colorado trouble, because the coal owners argued that there was nothing to arbitrate, as they had the undeniable right to do what they pleased with their own property.

"We must either modify this theory to meet conditions," he said, "or socialize the property itself. I presume the country is not ready for this second alternative, and it might be worth while asking whether the Public Utilities Commissions might be called upon to determine the facts in labor controversies, so that the voice of society as usual might speak, to settle the controversy."

Congressman Lewis made a strong appeal to the Commission on the advisability of the Federal Government taking over the telegraph and telephone services. He argued that it could carry them on much more cheaply than the private concerns, and quoted the success of the parcel post compared with the express companies.

The Commission will resume its hearings this morning at 10 o'clock. The witnesses for the day are to be Jacob Hollander, Jacob H. Schiff, August Belmont, and Adolph Lewisohn.

J. H. SCHIFF DENIES BANKERS CONTROL

They Only Act to Protect Railroad Shareholders, He Tells Federal Investigators.

1/21/15

DESCRIBES DE HIRSCH FUND

Explains in Detail How It Helps Jewish Immigrants in Many Ways.

MR. BELMONT AND UNIONS

Interborough Chairman Says Executive Officers, Not Directors, Deal with the Employes.

Jacob H. Schiff, the head of Kuhn, Loeb & Co., testified yesterday in the City Hall before the Federal Commission on Industrial Relations, and took the opportunity to deny the statement of Samuel Untermyer before the same body. Mr. Untermyer had asserted that two large banking firms, J. P. Morgan & Co. and Kuhn, Loeb & Co., controlled a large number of the railroads of the country mainly through the fact that they had reorganized them. This statement Mr. Schiff described as sheer nonsense and said that the only control of the railroads that existed was such as was exercised by officers and Directors for the time being, who send out proxies which the stockholders could return if they wished or let alone.

Mr. Schiff had been called mainly because he is so closely associated with the Baron de Hirsch Fund, which is one of the great charitable foundations, to which the commission has been turning its attention of late, but the Commissioners did not miss the opportunity, when he was on the stand, to ask him as to the interest he, as a Director, took in the employes of the companies with which he was associated.

Directors and Employes.

The same question was put to August Belmont, Chairman of the Interborough Rapid Transit Company, when he was on the stand in the afternoon, and both witnesses gave much the same reply. The wages and hours of the employes they considered a matter for the executives of the companies and the Directors would have no direct concern with them until some trouble sprang up.

Mr. Schiff was in favor of some Federal scheme for bringing the man and the job together, and expressed the belief that any organization which would be of benefit to the moral and economic condition of the employes would be a good thing for the State. Mr. Belmont was, however, not so willing to go on record in favor of unions. He told of the experience which the Interborough had had with the union of its own employes, and drew a distinction between the conditions on the Subway and on the great steam railroads. He admitted that there were some very admirable and honorable unions, but he thought it too big a subject to be dogmatic about.

The only other witness of the day was Prof. Jacob H. Hollander of Johns Hopkins University. He believed thoroughly in trade unionism and suggested that some method be adopted by which labor should be "decasualized." He said an organization should be attempted to do away with the evil resulting from the periodical throwing out of employment of men from seasonal or other causes.

Mr. Schiff's Vast Activities.

When Mr. Schiff was called to the stand, Chairman Walsh began by asking him with what companies he was connected as a Director. He enumerated the Western Union Telegraph Company, the Central Trust Company, the Oregon Railway and Navigation Company, the Wells Fargo Company, and said he was a Trustee of the Baron de Hirsch Fund, the Montefiore Home, and other institutions which he could not remember.

"I own personally," said Mr. Schiff, "3,000 shares of the Western Union, but I represent many thousands of shares—I cannot tell you how many without consulting the books. I own 100 shares of Central Trust Company stock myself, but represent none. Of the Wells Fargo Express Company, I own 1,500 shares or more myself, and represent perhaps 2,000 or 3,000 more shares."

"What infomation do you have as to labor conditions in the industrial corporations of which you are Director?" asked Mr. Walsh.

"No information, unless there should be trouble," replied Mr. Schiff.

"What action would you take in case of trouble?"

"I should ascertain what the trouble was about, and bring all sides together and try to effect a settlement."

Asked to explain what he considered were the functions of a director in regard to labor conditions, Mr. Schiff said that a director did not deal with these matters in the ordinary course. That was the province of the executive officers. If he heard of any impending trouble, he would call the matter to the attention of the Executive Committee and begin an inquiry. The results of this, if important, would then be reported to the Board of Directors.

Mr. Schiff outlined the usual system of reports on the financial and commercial conditions of a company which are made to Directors, and then Mr. Walsh asked:

"Is any report in such detail, checked and verified, made to the Directors as to labor conditions?"

"It is not," answered Mr. Schiff.

"Would it not be desirable?"

"It would be neither desirable nor undesirable. The executive officers of a well-administered corporation must deal with all labor questions."

The relations of the Western Union Telegraph Company to the American District Messenger Company, its subsidiary, were then explained to the commission, and the witness denied that, as far as he knew, the latter was employing boys under 14 years of age, the legal age. He was, he said, opposed to any child being employed in any labor for profit.

"Has your attention been called to the American District Company sending small boys into vice districts to deliver messages?"

"It has not," replied Mr. Schiff with a good deal of emphasis.

"Is an inventory made of the entire assets of the Western Union?"

"That is made once a year. It would go before the Executive Committee and the Directors at the annual meeting."

The Baron de Hirsch Fund.

Then the Chairman turned the examination toward the Baron de Hirsch Fund. This is one of the great benefactions, like the Rockefeller, Sage, and Carnegie Funds, the amassed wealth of which has aroused the uneasincss of the commission. When the Commissioners arrived in this city Mr. Walsh defined one of the chief objects of this visit as the consideration of the effect that these great funds might have on the general condition of labor.

Mr. Schiff told how Baron de Hirsch had left about twenty-five years ago a nucleus of $2,400,000, and how this had increased by legacies and gifts since then to about $4,000,000. The fund was managed by a Board of Trustees and controlled only its own funds, which were invested in bonds and New York real estate mortgages.

The fund was intended to aid Jewish immigrants from Russia and other places, and it was used to subsidize Jewish industrial and educational institutions and to establish Jewish farmers throughout the country by making advances on farm and chattel mortgages. In addition it had a manual training school, from which it turned out two semi-annual classes each year numbering from 150 to 175 each. In its agricultural school at Woodbine, N. J., there was an average attendance of from 70 to 75.

"The books of the foundation are always open to the public," said the witness. "Our average expenditure was $175,000 a year. We founded a town at Woodbine, N. J., as a farming settlement, and we have put a good deal of money in the venture. The town has been self-governing for the last ten years."

"How are the Trustees appointed?" asked Mr. Walsh.

"The first trustees were named by the Baron de Hirsch before he died in 1894. We are a self-perpetuating body and the trustees are now chosen for their high-mindedness, conscientiousness and known good qualities as citizens."

"Do you think that it would be a good idea," asked Mr. Walsh, "to democratize such funds as these by bringing outsiders to help administer them, such outsiders to include Government or other municipal officers?"

"I am sure," answered Mr. Schiff, "that the managers of every foundation that I know of have every desire to bring in the most influential men and women that they can—many of them we might speak of as comparatively poor—to aid and guide them."

Mr. Walsh suggested that it might be well to give the Government representation among the trustees, but this brought from the banker the objection to what might be termed the general political element.

Would Encourage Unions.

From this subject Mr. Walsh turned to the question of unionism, and the opinions that Mr. Schiff held as to the right of men to organize.

"What do you think of the right of employes to organize for their own protection and advancement?" asked the Chairman.

"I believe that the organization of employes for their own benefit, which means for the benefit of the State, should be encouraged in every way. I believe that it would be of benefit morally and financially and should be encouraged."

Mr. Schiff denied that he had made a study of the labor conditions of the Western Union Telegraph Company, and was then asked specifically whether he knew that the company maintained a blacklist against men who were accused of trying to organize its employes.

"I doubt if that be true," answered the witness. "You must not forget that the Western Union is a public service corporation and must be sure that it can render its duty to the public. I do not believe there is a blacklist. I know nothing of it."

"But if it does exist?" persisted Mr. Walsh.

"I do not believe that any self-respecting executive officer of a corporation would tolerate such a thing, especially in a public service corporation."

Asked, then, to give his opinion about child labor, Mr. Schiff said that he considered that the child should be protected in every way, and that no child below 14 should be employed in any industry. When the child was above that age every care should be taken to preserve his morals.

"Do you believe as a result of your observation and experience that industrial discontent is increasing or decreasing in America?" asked Mr. Walsh.

"I should rather hope that it is decreasing," Mr. Schiff said.

When he was asked about his views on charity, Mr. Schiff gave support to one of the measures which the commission has often brought forward, the establishment of a Federal Labor Exchange. He had been talking of the voluntary charitable work done in this city, which he considered was carried on with a great deal of efficiency, and he expressed the opinion that the physically handicapped might be added to such employment as was within their power, such as the running of small stores. They might have small loans made to them, and laborers might also be assisted over hard times by advances on their chattels or even their own responsibility.

Government Employment Bureau.

"But," went on Mr. Schiff, "I do not think any employment office can be made a success except, indeed, for such a matter as domestic help, unless the United States Government takes hold of it. We have to bring together those who need work and those who can give it. But now there is too much congestion.

"In New York City and the Atlantic Coast cities there is a superabundance of labor, while in the West there is not enough. We should have a means of pointing out to a laborer where he is needed, and I know of no local employment exchange which can accomplish this. I have been connected with several, but they are all handicapped by lack of funds. The only way such a bureau can succeed is by the establishment of a Federal Bureau."

When Chairman Walsh had finished his interrogations, Commissioner Weinstock reverted to the testimony of Mr. Untermyer concerning the control of railroads by two large firms of bankers. To this Mr. Schiff replied:

"That is sheer nonsense."

"Mr. Untermyer was mistaken, then?" asked Mr. Weinstock.

"So far as I know. There is absolutely no control of the railroads, except such as is exercised indirectly by officers and Directors for the time being, who send out proxies, which the stockholders can return if they wish or let alone. When shareholders are neglectful and are not watchful, then things go wrong. Whenever there is railroad mismanagement, it is due to the neglect of the shareholders."

Mr. Weinstock pointed out that, according to Mr. Untermyer, after a reorganization, bankers, though they retained but a small number of shares, were able to keep the control of the company.

"Mr. Untermyer may be correct in some cases," answered Mr. Schiff, "but the attitude of bankers, when widely scattered shareholders look for protection, is that they would be gladly rid of the burden. The stockholders still look to the bankers to protect them."

Another opinion of Mr. Untermyer was then put to Mr. Schiff. The lawyer had considered it one of the great obstacles of labor unions to encourage the growth of the trusts. When Mr. Schiff was asked if he thought it would be easier for the unions to deal with the big organizations, he answered:

"Yes, and no. Yes, because labor will get better treatment from men who are in the limelight and are amenable to public sentiment, which is almost always right. No, because small employers, though selfish, cannot resist the demands of labor as the big employer."

"Public Opinion Always Right."

Mr. Weinstock brought up the case of the Colorado trouble and asked how far public opinion had affected the Colorado Fuel and Iron Company. Mr. Schiff was quick with his reply:

"We have not had the last word in the Colorado matter yet. I do not believe public opinion can be resisted, and in the end public opinion is always right, and will be in this case."

None of the labor members of the commission wished to cross swords with Mr. Schiff and he was excused.

Prof. Jacob H. Hollander of Johns Hopkins University succeeded him and discussed the plight of the laboring man from the scientific point of view. He believed, he said, in trade unions, but not as a panacea, and though they should be supplemented by aid for the underpaid, the unemployed, on account of seasonal fluctuations of demand and the unemployable.

He was not satisfied that society had exhausted its remedial resources, because, while it had dealt with the spectacular problem of pauperism, it had neglected the poverty, the silent, tragic mischief wrought to the man who never had enough. He believed that under certain conditions the minimum wage might be adopted, and he thought that, as at the London docks, a system had been created by which the casual crowd of men fighting for odd jobs had been replaced by a semi-permanent force, so it should be possible to apply a similar system to "decasualize" seasonal labor.

Unemployment, said the witness, was the result in part of the habit of capital of developing a surplus stock of labor. It tried to have always on hand as many men as it would need in the busiest seasons instead of only sufficient to supply the normal average demand.

Commissioner Lennon wanted to know whether the witness thought wages should be settled merely by supply and demand. Dr. Hollander replied that that should not be the case if the result was less than enough to support the laborer properly.

At the afternoon session the commission met in the Aldermanic Chamber and Commissioner Garretson asked the witness about the doctrine that increased wages would so increase prices as to leave the laborer in the same position as before.

The increase in wages, said the Professor might come from excessive profits. It should lead to an increase of productivity, and it was ridiculous to suppose that all employes would get their wages increased simultaneously. Practical experience showed that some classes would get more at one time and another later, and so the advance would be progressive.

The cause of social unrest, Dr. Hollander defined as the existence of a large class with an insufficient income, and so he considered trade unions, supplemented by insurance against sickness and unemployment and old age pensions necessary.

August Belmont Testifies.

As August Belmont was called to the stand the audience, which included many well-known supporters of the Socialist cause and persons prominent in labor agitations, drew around him. He was sitting on a chair on a small platform, and as he spoke in a low tone it was difficult even for the Commissioners to hear him. The crowd swept up from the back of the hall and almost formed a circle with the witness as the centre.

Asked about the companies with which he was connected, Mr. Belmont enumerated the Interborough and a number of its subsidiaries, the Cape Cod Construction Company, and the Wright Company. He had no interests, he said, in industrial concerns and very little in mines.

Chairman Walsh began to examine him upon his knowledge of the labor conditions on the Subway and elevated lines. Mr. Belmont replied that, while he was an officer of the Interborough, he had taken a keen interest in these matters; but now that he was Chairman of the board he left them to the executive officers.

"A Director," he explained, "rarely has to do with labor conditions unless he is asked for a decision in such a serious matter as a strike. The executive management builds up its own method concerning labor matters, and they are not brought to the attention of the Directors any more than a small matter concerning the transportation."

"How far is a Director responsible for labor conditions?" asked Mr. Walsh.

"That is too large a question to answer," replied Mr. Belmont. "I personally feel a responsibility for them, and must feel that in the main they are in accord with my own opinions."

"What would be your attitude if a strike were brewing?"

"It would be the duty of the executive officers to call the Directors of anything of serious moment. As far as I remember there has not been any strike of late."

"How does the Interborough discover whether its employes are satisfied?"

"The General Manager has a rule that each employe has the right to come to him or to one of his assistants on any subject, wages, hours, or anything."

"Would a group of employes have the same privilege?"

"Not in the Interborough," Mr. Belmont said.

Interborough Welfare Work.

The witness pleaded his lack of familiarity with the details of management, in reply to questions concerning wages or hours, but gave a general description of the welfare work of the company. It had established four club rooms and instituted a system of stores where employes could buy necessaries at cost price. He could give no details, but he thought if a man resigned from the benefit association he lost the surrender value of his insurance policy.

"What is the policy of the Interborough toward a union of its employes?" asked Mr. Walsh.

Mr. Belmont said in answer that he must describe how that policy had been arrived at. Then he told the story of the strike on the Subway and the Elevated, and the discovery that there was a secret agreement between the men to help each other in case of trouble. Up to that time it had been the policy of the company to support unionism, but when it demanded fruitlessly that the agreement should be abolished it was backed up by the national organization, the Amalgamated Society of Street Railway Employes, and the men lost their membership in the union.

"We are obliged to give uninterrupted service on our lines," went on Mr. Belmont, "We have 9,000 men and their power is so great that we decided that unless we could find some method by which an agreement could be enforced it was undesirable to have unionized labor."

"Are relations with the union a matter for discussion among the Directors?" asked Mr. Walsh.

"I can't remember that we have discussed them for some time. We accept conditions as they are."

Mr. Walsh wanted to know if in the Spring of 1912 the Interborough had not discharged several hundred motormen, but Mr. Belmont said he could not tell him. He added, however, that he had understood that the Locomotive Engineers had tried to unionize the motormen. Before the elevated was electrified many of the engineers had belonged to the brotherhood, and when they became motormen may have retained their cards.

"Does the company keep a department to collect information concerning any attempt of the men to improve their conditions?"

"I could not say," replied Mr. Belmont, "but we have men who inform the company concerning all conditions."

"Is there any arrangement with a detective agency or do you exchange information concerning men with other companies?" asked Mr. Walsh.

Mr. Belmont said he could not say.

Civic Federation Details.

Then Commissioner Weinstock took up Mr. Belmont's former position of President of the National Civic Federation, and obtained from him an explanation of the way in which that body recognized unions by making their representatives one of the three sections of the Executive Committee. He could not, however, get Mr. Belmont to commit

himself on the question of the closed or open shop on the ground that it was too broad to discuss. He thought, however, that the open shop was probably the right principle.

In the same way, Mr. Belmont was not willing to express a definite opinion on the Public Enquiry Act into labor troubles. One difficulty about it here would be that it would not be compulsory.

"If it were," remarked Commissioner Garretson, "there might not be enough jails to hold those who violated it."

"I am not one," retorted Mr. Belmont, "who believes that a jail sentence is necessary to make a man in charge of great enterprises perform his duty."

Chairman Walsh had to rap for order at the murmur the answer caused, and Mr. Garretson replied hastily that he was thinking of the difficulty of sending to jail a whole union which might offend.

Mr. Garretson suggested that the reason why the Interborough would not permit its motormen to unionize was because it desired to pay them $2.75 as motormen rather than $3.75 or $4.50 as engineers. Mr. Belmont replied that when men ceased to perform engineer's duties they could no longer expect engineers' pay and drew a distinction between the distress which might be caused to the city by a tie-up of its rapid transit system, and the much less injury to the country of a railroad strike. The general railroad strike, though much talked of, he pointed out had never yet occurred.

The hearing was adjourned till this morning, when Daniel Guggenheim, E. J. Berwind, George W. Perkins, and Stewart MacRoberts are to be the witnesses.

GUGGENHEIM FAVORS STATE AID TO LABOR

Tells Federal Commission Government Should Find Work for the Jobless

11-22-15

AND HELP MEN WHEN ILL

George W. Perkins Would Have United States Regulate Unions —E. J. Berwind Testifies.

With Daniel Guggenheim, E. J. Berwind, and George W. Perkins succeeding each other on the stand, the Federal Commission on Industrial Relations at its session yesterday in the City Hall was able to interrogate on their attitude toward labor three of the largest employers in the country. It found Mr. Guggenheim and Mr. Perkins strong advocates of the profit-sharing plan and Mr. Berwind a believer in paying the highest prevailing rate of wages, and from all three of them came a cordial recognition of the necessity of meeting in every possible way the legitimate demands of the working man.

While Mr. Perkins laid stress on the importance of extending Federal control not only to the industries which are now nation-wide, but also to the trade unions, Mr. Guggenheim laid stress on the duty of employers to realize how great was the social problem and bade them use the legislative power of both the State and the Federal Government to solve it.

It was notable also that the three witnesses of yesterday took a different view of the duties of Directors toward the labor problem from that expressed by some of the business men called at previous hearings. Mr. Guggenheim as a practical smelter, Mr. Berwind as the head of coal mining companies, Mr. Perkins as a member of the Finance Committee of the United States Steel Corporation and the International Harvester Company had almost direct knowledge of the conditions obtaining among their employes and could testify exactly as to their needs.

Rockefeller, Jr., Looks In.

The attendance at the hearings has been steadily growing. There were dozens of men standing yesterday. No small proportion of them had taken part in the I. W. W. and other labor agitations of the last few years, and some had personal knowledge of the troubles in the coal fields. Into this gathering came for a short time in the morning John D. Rockefeller, Jr., who will himself be a witness next week. He was not recognized by most of those present, and he explained his visit by saying that he had been much interested in the investigation and would have liked to spend a longer time at it if he were not just now so busy.

When George W. Perkins was called to the stand, he smiled as Chairman Walsh asked what his occupation was, and said:

"I'm afraid I shall have to get you to name that."

Then he proceeded to read a prepared answer to the questions submitted by the Commission. In this he declared that in his belief co-operation, and not competition, was the life of trade, and he strongly urged the extension of supervision of the Federal Government.

"I have long believed," he said, "that co-operation through large industrial units, properly supervised and regulated by the Federal Government, is the only method of eliminating the abuses from which labor has suffered under the competitive method. I believe in co-operation and organization in industry. I believe in this for both labor and capital; but as in both cases the result places large power in the hands of a few men, I believe that such organizations should be under the strict regulation and control of the Federal Government, in order that they may give the public the maximum amount of good and the minimum amount of evil."

Absentee Ownership.

Mr. Perkins dismissed the tariff as an appreciable factor in the formation of trusts, and put them down to the growth of means of intercommunication, and he scouted altogether the idea that there are grave evils inherent in absentee ownership. Of this he said:

"So long as there is the telephone and the telegraph people are going to do business of all kinds on the absentee basis. Our Federal Government is based on the theory that the President in Washington represents absentee ownership. It cannot be otherwise under modern methods of life."

Fears concerning the great philanthropic foundations Mr. Perkins brushed aside as illusory, as long as there was due publicity in their methods, and he objected to Chairman Walsh's suggestion of Government administration on the ground that it would greatly diminish their efficiency. He came out for small Boards of Directors, with individual power and responsibility, since he was for the "short ballot in business," as he was for the short ballot in politics, and he declared that it was impossible to solve the problem of compensating labor properly through the wage system alone.

"One reason why I believe in large corporations," he said, "is that the ownership, being impersonal, you can have profit-sharing, welfare work, pensions, accident and benefit plans, which cannot so well be had in small units where the ownership is personal."

Then Mr. Perkins launched into an attack upon Federal legislation. Ten years ago, he said, he would have said that unemployment and other industrial ills were due to the defects and maladjustments of American industry. But a great change had come, and now he believed that it was the defects in the Federal law and Administration which were to blame. The laws, both State and Federal, had been drawn as though we still were doing business under the same conditions as our forefathers.

Doing business, however, was a fact and not a theory to-day, and we must do business according to the customs which prevail today; yet the political leaders had been bidding men follow an altogether antiquated and unsound system. Germany had discarded the old small competitive units of business for the large units with co-operation on every hand. Thereby it had stopped the emigration from its borders, and Mr. Perkins asked if that were not a startling result.

"The every ounce of trouble," he went on, "brought about in industry through the selfishness of business men, a pound has been brought about by half-baked laws and muttonhead legislation. Our legislators have not even possessed hindsight and have been veritable babes in foresight."

Mr. Perkins in particular denounced the Sherman law and asked how much better it would have been if twenty years ago laws had been passed instead against over-capitalization and for full publicity of railroad and industrial organizations. So he believed in Federal regulation of large units and complete publicity. Trade unions place great power in the hands of a few men, he said, and so should be under Federal regulation."

Daniel Guggenheim's Views.

Daniel Guggenheim was the first witness examined yesterday morning, and he gave a long list of smelting and mining concerns in which he is a Director or officer. In describing the knowledge that the Directors acquired of labor conditions, he laid stress on the fact that they are all expert in the smelting business, and so with frequent visits to the plants they kept in close touch with what was actually going on.

"A year and a half ago," went on Mr. Guggenheim, "I thought we should do more for our men, both for a humane and for a business reason. I thought we should get more efficiency if we gave the men better living and working conditions. So we engaged Dr. C. P. Neill, former Labor Commissioner, to study the situation. We have done much and we hope to do more."

Then the witness said his companies had always adopted Workmen's Compensation acts, and at Perth Amboy had insured their employes free, so that the family of a single man gets $500 and the widow of a married man $1,000 on his death.

"If you heard," asked Chairman Walsh, "that some of your employes and their families were not receiving enough to support them, what steps would you take as Director or President?"

"I should order an investigation, and, if the facts were proved, I should do everything in my power to alter conditions."

Perth Amboy Strikes.

Asked about the Perth Amboy strike of 1912, Mr. Guggenheim could not give details of wages and hours, but he said Gov. Woodrow Wilson's representative had complimented the management.

"How is it you had two strikes at Perth Amboy in 1910 and 1912?"

"Strikes two years apart I do not think frequent. It is due to the high cost of living. Workmen naturally get discontented. They are living under difficulties, and the high cost of living causes the discontent."

This led Mr. Guggenheim to discuss the question of trade unions. He admitted the right of men to organize, and said that capital was likely to get arbitrary with too much power, as labor also became arbitrary. He was afraid that industrial discontent was likely to increase.

"The greatest canker the world suffers from," he said, "is envy. The worker sees himself denied many things he wants and he suffers from envy. There has, however, been a great awakening in the last few years, and employers are seeing that it does not pay them to grind down labor."

Mr. Guggenheim announced himself as a believer in legislation. The United States, he said, was far behind Germany and England in providing for its workers, and he thought the difference between the rich and the poor man should be reduced.

"I favor," he said, "the Federal Government and the State helping men to find work, and when the workingman is sick the State should see he is attended to properly. The problem is too big for the State alone. It is too big for the employer alone. The two must get together, and co-operate with the working man. The working man does not only want higher wages. He wants something higher—comforts for himself and family. He will get them and he should get them."

The witness refused absoluteiy to say how much he had himself given away in charity, but paid a tribute to Mrs. Guggenheim's help in this direction. Then he took up what might be done by State philanthropy. He would have the State or the Federal Government see that every fit man had a job, and he thought the United States might tax people to help others. So many people he knew refused to part with their money, which did them no special good, that he held that the United States must tax people when they die, to raise money to look after the bulk of the people.

Private Charity Pauperizes.

"Don't you believe in private benefactions?" Chairman Walsh asked.

"It tends to pauperize," the witness replied. "Many people of fine feeling would rather starve than accept charity. I meet them every day. They want work, not charity. Such matters had better be handled by the State."

When the examination turned toward profit-sharing, Mr. Guggenheim expressed a belief in it, but said that he thought it would probably be better if the laborer's share of the profits was left to accumulate, and was paid to him at the end of the year. So many men did not know how to save that it would be a good thing to deposit a fifth part for them in the savings bank, and that would give them something to start on.

Commissioner O'Connell and Mr. Guggenheim had a discussion upon the difference between the open and the closed shop, and the witness admitted that in an open shop an individual worker who thought hours should be shortened would have much difficulty in handling it about. Then Mr. O'Connell suggested the case of an individual worker in one of the distant Guggenheim plants who was ill-treated. To this Mr. Guggenheim replied:

"We have had a great deal of difficulty about this. If one of our superintendents has no tact or is unfair, and you can't help having such men in a large business, we are sure to find it out."

"But, meanwhile the individual worker has suffered?"

"Yes, but so has the company. It has had an incompetent man who cannot get the best men to work for him. The matter will adjust itself."

Berwind Talks on Mines.

Edward J. Berwind was examined as a mine owner with from 10,000 to 12,000 men working for him. As the number of Directors was small in his companies, he said, they were well acquainted with labor conditions. At the same time, Mr. Berwind did not think it was advisable that the ordinary stockholder or Director, who had no knowledge of these matters, should interfere with the executive officers. It would only lead to confusion.

Chairman Walsh wanted to know about the length of day the miners worked and their wages. Mr. Berwind thought they usually worked for nine hours, and in regard to wages said:

"We cannot work our mines to their full capacity because of the men. They will only work about nineteen out of the twenty-six days of the month, what with holidays, funerals, paydays, and the day after paydays. That means we cannot get a full return for our capital, and it also means that the men must be getting good wages, as they can earn enough in nineteen days for a month."

As the Berwind mines do not accept the closed shop the question of the method by which they arrived at their present rate of pay was raised.

"In the first place," said Mr. Berwind, "the miners' unions make a scale of pay uniform in each State. Though we will not work with the unions, we take their scale largely as the result of supply and demand. Changes in the rate are generally brought about by trouble occurring in some district or another.

Discusses the Barge Captains.

"I am opposed to union men addressing my men because it will stimulate trouble. If they are satisfied we do not want to have trouble stimulated. I do do not know if industrial discontent is increasing or not. It is largely a question of supply and demand."

The question was brought up of the Barge Captains, who live on their barges and travel about the harbor. Commissioner Walsh wanted to know about the educational facilities of their children, but the witness could only say the barge system had been in force for a number of years and he had never paid much attention to it.

In the last few years, he said, there had been two occasions in which there had been some trouble with these Captains, but in each case it was stirred up by outside agitators. Mr. Berwind denied that there had been any foundation discovered, after rigid investigation, of the charge that some of his men had had money held back from their pay, and, in reply to Mrs. Harriman, he said he was sure that a horrible moral condition did not exist on these boats.

Asked for his views as to trade unionism, Mr. Berwind first explained that at the mines he was dealing with an ignorant class of foreign labor, whose grievances it was often hard to understand, and went on:

"I would not have organized labor blotted out, however, unless there were laws so rigid that it would be impossible for employers to break them. There is no doubt that employers will take advantage of labor, and the unions cannot correct this. I would make it a criminal offense for an employer not to treat his men right. I would like to see laws that would protect the employes from the unfair employer and the employer from unfair employes."

Mr. Perkins will resume his testimony today, and Samuel Gompers, G. P. Neill, and Henry Ford will also be examined.

GOMPERS HITS ROCKEFELLER.

Declares Colorado Press Was Subsidized in Coal Strike.

Samuel Gompers yesterday issued from Washington a statement which was circulated among labor leaders here, criticising the Rockefeller Foundation.

"A free press," he said, "is the great safeguard of justice. We condemn the censorship of the press except for national safety, and we watch jealously and with suspicion even that exception. This is always temporary, and the freedom of the press is established when the danger is past. But firmer and deeper grows the conviction that safety also harbors danger, that censorship over public information is exercised by private individuals as well as by the Government. The testimony before the Federal Commission on Industrial Relations shows how the coal operators, under the leadership of John D. Rockefeller, corrupted the very springs of public opinion and disseminated misinformation with regard to the striking miners in Colorado.

"The storm of public condemnation forced the Rockefellers to take the defensive, so they soon issued a statement of the funds of the Rockefeller Foundation. This foundation has not escaped the fire of general condemnation.

"Why should one of the most powerful research institutions in the world be financed by private moneys and managed by a private board and its financial interests identified with those of ruthless exploiting corporations? Can the spirit of research under the dominion of the Standard Oil billions be that of search for the truth regardless of all else?

"When Rockefeller first established his foundation I issued a protest against the scheme to establish a sort of all-seeing Providence to provide for present and future generations. Organized labor protested against the granting of a Federal charter to increase and perpetuate Mr. Rockefeller's power over the educational forces and thought of the nation and the world. However, the foundation was established and the insidious influence and corruption which organized labor feared was developed. Last Summer it was revealed that over 600 employes of the Federal Government were on the foundation's payrolls. Because of the way they were made the Rockefeller millions carry suspicion for whatever purpose used.

"Publicity as to all relations is necessary for public opinion. The bulletins intended to discredit the miners have brought discredit on those who managed the fight against the operators."

FORD DESCRIBES HIS LABOR UTOPIA

Efficiency Increased 15%, Bank Accounts 130%, Hours Reduced by Profit Sharing.

H-23-15

MADE $25,000,000 IN 1914

Automobile Man Tells Industrial Commission of 8,000 Families Occupying Better Houses.

"INSULT" ANGERS GOMPERS

Labor Leader Resents Query on Union Dynamiting—Perkins Advocates Federal Licenses.

Henry Ford, the automobile manufacturer, of Detroit, testified before the Federal Commission on Industrial Relations in the City Hall yesterday regarding the results of his profit-sharing plan. In the last few days the commission has heard a great deal about the theoretical value of giving employes some tangible share in the profits of the business in which they are working, but the members appeared frankly amazed at the manufacturer's account of what actually had been accomplished.

Not only did Mr. Ford give figures to show how the men themselves had advanced in earnings, in bank accounts and general comforts, but he declared that their efficiency had been increased, as far as the company was concerned, by from 15 to 20 per cent., and that it was necessary now to hold the workers back rather than to urge them on. Moreover, he described how the Police Magistrates had noted the absence of Ford employes from their courts, and he expressed the conviction from actual experience that he could make a man out of any convict who came under his system.

Mr. Ford's story lost nothing in the telling. Without a trace of bombast, in low tones, and with a rigid economy of words he answered the questions the Commissioners put to him. He did not seem to imagine that he had done anything out of common, and it was only the flesh of enthusiasm which shot now and then into his eyes and thin, almost ascetic face that made it clear there was something of the idealist about this eminently practical man of business.

Perkins Concludes Testimony.

Before Mr. Ford took the stand George W. Perkins concluded his testimony, which had begun on Wednesday. He supplied facts and figures concerning the earnings of the employes of the United States Steel Corporation, and once more insisted on the merits of the company's system of selling stock to its men in encouraging them in saving. He also attacked the present tariff, and expressed the view that it must be changed if business conditions were to improve.

Samuel Gompers held the floor for the entire afternoon, and while he was under examination one of the few dramatic incidents of this series of hearings occurred. In the crowded hall, Chairman Walsh has maintained absolute order by quelling the slightest approach to a demonstration. Walter Drew, the counsel for the National Erectors' Association, which ran down the iron-workers' dynamite outrages, sent up a question in which it was implied that a union might sanction violence, and Mr. Gompers refused to answer it unless he knew who was the author. Mr. Drew admitted he was. Mr. Gompers retorted that he thought as much and called it an insult, and when Mr. Drew wished to explain the Chairman refused him a hearing.

When Mr. Ford took the chair, he handed to Chairman Walsh a paper he had prepared setting forth the chief points in the Ford profit-sharing plan.

Mr. Ford's Complete Statement.

The complete text of Mr. Ford's statement follows:

I will endeavor to answer briefly the written questions submitted to me by the Commission in their order.

QUESTION NO. 1.

Give a description of the profit-sharing plan of the Ford Motor Company, and then state the purposes aimed at in establishing a profit-sharing plan; its results on efficiency of men, its results on the character and steadiness of men, its results as regards citizenship and general interest in the advance of the community.

ANSWER.

Every man working for the Ford Motor Company is first entitled to his just wages as such, depending upon efficiency and responsibility, which wages are about 15 per cent. above the usual market wage for the service in question, and then every one who is eligible is entitled to a certain profit. The minimum daily income under the plan, wages plus profit, is $6. The hourly profit-sharing rate (added to wages) is based on the wage rate, and so arranged or graduated as to give those receiving the lowest hourly rate the largest proportion of profits. For example, a man receiving 34 cents per hour has a profit rate of 28½ cents per hour in addition and a total daily income of $5, whereas men receiving 64 cents per hour wages have a profit-sharing rate of 21 cents per hour, with a total daily income of $8. The working day is eight hours instead of nine as before; the week forty-eight hours.

Wages and profits are paid every two weeks in currency.

Qualified as Participants.

Those qualified for participation in profits are of three classes:

(1.) Married men living with and taking good care of their families.

(2.) Single men over 22 years of age who are of proved thrifty habits.

(3.) Young men under 22 years of age, and women the sole support of some next of kin.

The person must be in the employment of the company six months before he can participate in profits, which rule serves to deter men from leaving other steady jobs.

A record of facts is made in the case of each individual, and every employe qualifying under the above, able to use the money constructively, for the good of self, dependents, and the community in general, is awarded a share according to schedule.

Wages are paid according to skill, and skill subdivided into degrees of skill. The company has but eight rates of pay operative in the shop or on its Hourly Wage Pay-roll. A separate rate of wage applies to each skill rating. An employe may know the reward of his increased efficiency and development and of all the possibilities and probabilities for advancement with the company at the time of entering its employ.

The company maintains a corps of forty men, good judges of human nature, who explain opportunity, teach American ways and customs, English language, duties of citizenship, who counsel and help the unsophisticated employes to obtain and maintain comfortable, congenial, and sanitary living conditions and who also exercise the necessary vigilance to prevent, as far as possible, human frailty from falling into habits or practices detrimental to substantial progress in life. The whole aim of this corps is to point men to life and make them discontented with a mere living.

Purpose of the Plan.

You ask our purpose in establishing this plan. Our first purpose was substantial justice to our co-workers, without whom we could have accomplished nothing. We had had great success, and in fact we desired no greater success from a mere financial point of view. For a long period we had been contemplating some plan, but every one suggested seemed fraught with objections. We finally decided to go forward with this one and feel our way along to a position of substantial justice. We do not regard it as in any sense a gift or a charity, but only due reward for service.

Prior to the inauguration of the Ford Motor Company's profit-sharing plan the company was entirely satisfied with the individual and collective output and efficiency of its men. There was no thought of betterment in this direction, no measure of economic benefit made in anticipation, no desire for publicity or other gain to the company incorporated into the plan or considered with reference to it.

The object was simply to better the financial and moral status of the men.

No man is influenced to change his mode of living, his habits or character in order to qualify under the profit-sharing plan if he does not willingly so elect.

Whereas at start 60 per cent. of the men were receiving a share of the profits, six months later 75 per cent. of the men were enrolled as participants, and at the end of the first year 87½ per cent. of the entire force were participating, representing practically all of the men past 22 years of age with very few exceptions.

The increased efficiency of the men under the plan has been from 15 to 20 per cent. with reference to work produced, which is further emphasized when you consider that the improvement was made in an eight-hour day versus the comparison in a nine-hour day.

Daily absentees from work have decreased from a total equivalent to 10 per cent. of the working force under old conditions to three-tenths of 1 per cent.

Shows Longer Employment.

The number of men leaving the employ of the company since the profit-sharing plan started, in comparison with the year previous, is shown below:

	March, 1913.	March, 1914.
Discharged	1,276	166
Quitting	970	115
Five-day men	5,156	106

Five-day men are the "floaters," so-called, who leave without explanation or notice.

Fear and worry in the struggle for livelihood to properly provide for home and dependents, with the dread of what might happen if the job is lost, have practically been eliminated.

No man is discharged from the service of the company until he has been proven utterly unfit from every standpoint. If he fails to make good in one department, the foreman of that department sends him to the clearing house, and he is given repeated trials, if necessary, until he makes good, or it is proven that he does not want to succeed. A recent ruling of the company requires the approval of one of four men before the man can be finally dismissed. Of the four, two are, respectively, the President and the Vice President of the company.

Bank accounts show an increase during the first six months of 130 per cent. Life insurance carried, eighty-six per cent. Value of homes owned outright, eighty-seven per cent. Value of lots owned outright, eighty-six per cent. This remarkable showing refers only to such employes as are on the profit sharing basis.

Careful medical survey reveals a substantial improvement in physical attributes.

Upwards of 200 men have been influenced and helped to obtain citizenship in the United States.

A carefully prepared map of the city shows that 8,000 families have changed their place of residence since the plan was started, and a study of the districts into which they have moved, and from which they came shows that the migration has been from poor and squalid to healthy sanitary quarters, with environment conducive to health, happiness, and comfort.

Fewer in Police Court.

Results on character and steadiness of men may perhaps be best measured and more thoroughly understood by agencies outside the company.

Police justices say whereas Ford employés, recognized by their badges, were almost daily seen in the prisoner's dock, up to a year ago, since January, 1914, they have been noticeably absent and are rarely among the unfortunates brought to justice.

From one of the largest Polish Catholic parishes in the city, the father writes:

"The work of the Ford Motor Company has been of tremendous benefit to my people. Heavy drinking is characteristic of the Poles I know. Your work, however, has resulted in sobriety now being the rule rather than the exception in my parish."

The company has organized a school wherein the non-English speaking are taught the rudiments of the English language—to speak, to read, and to write it. At start, teachers were employed who had made school work their vocation.

After about three months' operation the school grew from about 200 members to approximately 1,100, and the paid teachers were replaced by volunteers from the Ford Motor Company, some of whom had had experience in school work, but the most of them foremen, sub-foremen, and men from the ranks, and are simply enthusiastic individuals eager to help along a good work and better the condition of their brother men, both as an expression of gratitude for what their employer has done for them and to create an opportunity for self-enlargement which the work offered.

Why Plan Was Adopted.

QUESTION NO. 2.

What reasons did the Ford Company have for assuming so large a measure of responsibility, not only for the labor conditions in their plants, but also for the social and moral surroundings of their employes?

ANSWER.

The knowledge that market rates of wages were not sufficient for men to properly care for self and dependents, and that the environment in which its employes were thus made to live gave rise to mental anxiety and a physical condition that made it utterly impossible for the human agency to deliver all of the effort that it was capable of in fulfilling the best and larger functions for which it was designed at work, at home, and in the community.

The company also had the courage to seize an opportunity for breaking away from old-time habits and customs that were possibly applicable in other periods. The institution of a new order, treating men like men in man fashion has brought out much of human salvage and proven that barriers between employers and employes thought to exist and often existing can be largely removed.

A large proportion of our employes were foreign born, many of them recent arrivals not used to American habits and surroundings. Very few, if any, resented our guiding them into better conditions, into habits of thrift, saving, sobriety, and improved moral and social conditions. No coercion is laid upon any employe, but if he is not living a sober life, or is neglecting his duties as a father or husband, and he persists in such course, he can not be an associate in our business.

QUESTION NO. 3.

What has experience shown regarding the extent to which the character and social conditions of employes are the result of the conditions under which they are employed, including wages, hours of labor, general physical surroundings, and treatment by officials, superintendents, and foremen?

ANSWER.

No man can bring up a family and hope to own a home on the ordinary rates of wages.

I do not think that any man can do good work mentally and physically for more than eight hours per day.

In my judgment the other factors are not so very important.

Conditions, Not Theories.

QUESTION NO. 4.

Is it desirable for a corporation to assume so large a measure of control of employes as the Ford Company has done?

ANSWER.

We do not undertake to say what corporations should do in general, but if employers of labor—we mean the men themselves at the head of these enterprises—have a genuine, sincere, and active interest in the improvement of the conditions of labor and a heartfelt personal interest in the welfare of their employes, no conditions that are irksome or distasteful will be laid upon the men.

Theoretically, some persons may argue that we have no right to inquire how a man lives at home, so long as he does his work at the factory, but we are talking of conditions, not of theories. Our experience leads us to conclude, beyond doubt, that the interest taken in employes as to their individual welfare is most desirable from every standpoint, not only that of the employe and his family, but of the business itself.

The ever-increasing interest developed in our plan by other employers of labor and the individual expressions of the men themselves, which we have taken great pains to learn from disinterested sources, further prove the correctness of our views.

QUESTION NO. 5.

To what extent would it be desirable, in addition to giving employes a share of the profits in a corporation, to give them also an insight into the operations of the company and a voice in the determination of working conditions?

ANSWER.

If by this question is meant a voice in determining the policies of the company in working out its success, we say: "No man wants to be burdened with the care and responsibility of deciding things."

Great freedom of speech and expression of ideas exist in our work, and a great many valuable suggestions are gained thereby. Individually or collectively, men may raise their voices with suggestions, and they are always heard.

If, on the other hand, what is meant is a voice in fixing the personal physical surroundings of the employes, we should say most decidedly the employes should have a voice, and their opinions and wishes should be consulted.

So far as the Ford Motor Company's actual experience is concerned, these surroundings have been, as judged by modern and existing standards, so ideal in character that there have never been any complaints from the employes, and we believe entire satisfaction has been the rule.

His Business Policy.

QUESTION NO. 6.

As a result of your observations and experience, what is considered to be the effect of the growth of large corporations and the centralizing of their control on the condition of labor in the United States?

ANSWER.

Any manufacturing institution that is successful—making a single product, should increase the business and its plant, and make more work to employ more men.

We cannot expect a man to give us his best efforts when he is in debt and has not enough to keep his family on.

If corporations are overcapitalized they must necessarily oppress labor to make a showing. But if they grow from small beginning, naturally, and stick to one legitimate product, balanced conditions are bound to follow.

The sooner men can be taught that labor is just as much of an asset, and more, than machinery and buildings, the sooner labor will be properly recognized.

In my judgment mere bigness is no objection if corporations are not overcapitalized.

QUESTION NO. 7.

What is your attitude toward the accumulation and perpetuation of large fortunes?

ANSWER.

We believe it is better, wiser, and more just to make many men comfortable than to make a few very rich.

QUESTION NO. 8.

As a result of your observations and experience, do you consider that private philanthrophies can deal adequately or effectively with social conditions?

ANSWER.

They may, and probably do do some good. Of course they are not adequate. But my idea is justice, not charity. I have very little use for charities or philanthropies as such. My idea is aid to men to help themselves. Nearly all are willing to work for adequate reward. We have all kinds of cripples in our employ, and they are making good. We have a great many who have been in prison and who are outcasts from society. Every one of them is making a good showing and is gaining in self-respect and strength of character.

We will guarantee to take every man out of Sing Sing and make a man out of him.

QUESTION NO. 9.

From your observation, what is the effect of the work of private philanthropic organizations on the persons whom they assist, and the people who endow or contribute to such institutions?

(No answer.)

QUESTION NO. 10.

Do you consider the establishment of such unrestricted foundations, as the Rockefeller Foundation, to be in the interest of the public policy? If not, what objections seem to you to carry the most weight?

ANSWER.

I have not given sufficient consideration to these questions to justify an expression of opinion.

$25,000,000 Profit Last Year.

Asked by Commissioner O'Connell if the experiment had paid "as a business proposition," the witness replied:

"I don't know how you will figure it out. There are only eight members of the company. We have a two-million-dollar capitalization, and did last year between $80,000,000 and $90,000,000 worth of business. Our profits were about $25,000,000."

Mr. Perkins submitted a statement of the wages and hours of the employes of United States Steel Corporation. It said the men were now receiving the highest wages ever paid in the industry, making the average wage, excluding the administrative and selling force,, $2.85 a day. It was true that 22.5 per cent. of the employes worked twelve hours a day, but they were mainly in the blast furnaces and rolling mills, where work was not continuous. Actually they were employed for less than two-thirds of their period of duty, and if that was cut to eight hours, it would mean such a loss of income that many would leave their jobs.

The corporation, the statement said, had found that when it gave up working its men seven days a week, more than 4,000 quit for mills where there was no such restriction, for steady employment in any industry was of greater benefit than shorter hours and higher wages.

Moreover it was pointed out that the lowered tariff had exposed the corporation to the keen competition of foreign steel mills, which worked its men twelve hours a day at fifty per cent. less wages.

The statement said $2,564,833 was paid to workmen or their families as compensation for injuries in 1913. Safety work in 1913 had cost $680,593, and the injuries had been reduced 85½ per cent. from 1906. There are 2,092 pensioners, retiring at the average age of 63.73 years, with average service of 28.32 years, and drawing $422,815, or an average of $20.85 a month each. On Dec. 31, 1913, there were 35,026 employes who were stockholders, with more than 166,462 shares among them. In 1914 there were 46,498 employes who subscribed for 90,606 shares of stock.

Asked whether he thought that profit sharing might turn out to be the missing link between capital and labor, Mr. Perkins replied:

"I think when a group of men start an industrial concern, they should be required to go to Washington to get a charter or license. They are asking a privilege and ask both the workers and the consumers to trust them. They ought to put down their cash, dollar for dollar, for their capital, and after paying expenses and a certain percentage on the capital invested, profit should be divided between the stockholders and the laboring men."

Denounces the Tariff.

It was when he was asked about the depression in the steel trade that Mr. Perkins denounced the tariff.

"The country," he said, "will not continue under the present law. To it is due the depression in the steel industry as well as in other industries."

"Do you think a protective tariff is necessary?" asked Commissioner Weinstock.

"We need a tariff on a non-political basis."

"Would the present conditions have resulted from the tariff, if there had been no war?" asked Mrs. Harriman.

"If we had a proper tariff, business would be much better. To answer your question almost brutally," said Mr. Perkins, "without the present tariff and the war, conditions would be infinitely better. If the tariff is not changed before the end of the war, conditions will be infinitely worse."

Mr. Gompers began his testimony by announcing that he had received a telegram from the Commercial Telegraphers' Union asking the commission to summon the employes of the Western Union and Postal Telegraph Companies to testify as to wages, hours, and so on.

"You will get some startling information," he said.

Mr. Gompers attacked the contention made by Mr. Perkins that business had as much right to organize as labor, on the ground that capital merely handled the products of labor, while labor was human. As for the contention that unions should be incorporated in order that their funds might be attachable for breach of contract, he said that the employers could not be held in damages for any breach of contract they might commit.

A report on the Roosevelt (N. J.) strike from an organizer of the American Federation of Labor was read. It asserted the men were not asking higher wages, but were striking to protest against a cut from $2 to $1.60 a day. The attack on Jan. 20 was entirely unjustifiable, it stated. This led Mr. Gompers to an attack on the detective agencies of the country. Eight-tenths of their work, he said, was strike-breaking, strike-provoking, trouble-making, and espionage on men and women in labor circles. He produced a circular from a Cleveland detective agency in which offers were made to employers to report every symptom of trouble or indifference in the operating force and to detect the trouble-makers.

"Our methods are such," the circular said, "that the agitator soon finds himself in a minority of one in the establishment with an atmosphere too frigid of his comfort. We do not dare to say more on this subject."

Gompers on Big Foundations.

Regarding the big philanthropic foundations like the Rockefeller, Sage, and Carnegie Funds, Mr. Gompers said:

"The Rockefeller Fund could not investigate the labor question impartially. Its whole atmosphere would be against it. There may be a difference of opinion concerning the Sage and Carnegie Foundations."

"Such an investigation would not tend to alleviate unrest?"

"In my opinion, the unrest and discontent are not an evil. Healthy unrest is a groping after better conditions, and without it we should not even have conditions as tolerable as now exist. These foundations may be applied freely to medicine, history, or art, but they should be prevented by law from trying to mold the mind of the people in their constant struggle for betterment."

"Then there are the secretive methods employed by the Rockefeller Foundation. It has had its teachers placed on the Government lists on nominal salaries, so that it could send out literature with the Government's frank. It is a fraud on the Government. It is an imposition on the name of education. It is most dangerous when the Government is willing to surrender its function of teaching to the Rockefeller Foundation with its history behind it."

Commissioner Weinstock, with an apology, read to Mr. Gompers this question, which had been submitted from the audience:

"If a union inflicts injury upon third persons unlawfully, by boycott or sympathetic strike or violence, such as dynamite, why should it not be legally liable for such injury in damages?"

"Who is my questioner?" asked Mr. Gompers in wrath. "Why does not he give his name? Everybody knows who I am."

"His name is Walter Drew," said Mr. Walsh.

"I thought so," shouted Mr. Gompers. "Well, if a union inflicts any injuries unlawfully it ought to be brought to the bar of justice as any man. As for a boycott or a sympathetic strike, under the law of the United States they are not unlawful."

"What about the decision in the Hatters' case?" asked a person in the topmost gallery.

Mr. Walsh was on his feet in a minute.

"The man who said that must retire," he called out.

"I'm going," replied the voice. "But why—"

"Will you go out?" called the Chairman, and a sergeant of arms expedited the going.

"The reference to dynamite," went on Mr. Gompers, "is an insult and intended as an insult. Anyone who uses dynamite should be sent to prison."

Mr. Drew wished to explain but was cut off by the Chairman, and then Mr. Gompers settled down to explain that jurisdictional disputes were inevitable between unions, and the American Federation of Labor, which had no authority to stop them, did its best to prevent them. He demanded the restriction of immigration.

L. D. Brandeis and C. H. Neill will be the witnesses at this morning's hearing, which begins at 10 o'clock.

N.Y. Post

If Mr. Henry Ford succeeded in turning the inmates of Sing Sing into useful citizens, the credit would be due to the man of generous impulses, and not to the shrewd business man. Mr. Ford has repeatedly asserted that the prime secret of his notable achievements as a captain of industry is standardization. Through absolute uniformity and the absolute elimination of waste he has placed himself beyond competition in his field. But the essential characteristic of the prison inmate is that he offers such difficult material to standardize. He represents the waste products of society. Through his own fault, or that of others, society has found it impossible to give him a job in the standardized routine of the world's daily work. It is very likely that the chance to do useful work would reclaim a very large number of Sing Sing's inhabitants, but it must be work offered in the spirit of a patient humanitarianism not expectant of immediate results. Mr. Ford's statement should prove most useful in pricking the conscience of many good citizens who believe in the abstract possibility of reclaiming the convict but shrink from the trouble and risk involved in giving the ex-convict a concrete job.

N.Y. Times

NEW YORK, SATURDAY, JAN. 23, 1915.

THE POOR AND THE RICH.

The inquiry before the Industrial Commission is eliciting sentiments of a gratifying sort, but which may have an application different from what is expected in some quarters. Eminent representatives of capital entertain only the humanest views regarding the treatment of wage earners. The Steel Trust, the Oil Trust, the Smelting Trust are among the best employers of labor. It is rather because of their intelligence than of their wealth. The views which their spokesmen express may have individual inspiration, but they reflect also an appreciation that public sentiment requires such virtues to be expressed.

There is no man so rich or so bold as to express in public an intention to oppress labor. The intelligence of capitalists may or may not inform them that well-treated labor is the most productive and the most profitable, but it is sure that their prudence requires them to conform to the universal sentiment that profits are not to be enjoyed at the expense of extortion from the poor and the weak. The need of the time is not to impress that policy upon the leaders of industry, but upon their weaker brethren. It is the competition of the weak and the needy which embarrasses labor and capital alike. The need of the time is less the preservation of competition than the regulation of competition. The trusts and the unions alike seek to regulate destructive competition, and both see the need of the assistance of law if disaster is to be averted by competition within the ranks of both, or by war between them.

It is to be regretted that this is more true of capital than of labor. The unions do not pander to the public conscience as the capitalists do. The gospel of the labor extremists is that labor produces all, and that all belongs to labor, to their own section of labor even. Even the wickedest capitalist concedes that something is due to labor, but there are multitudes clamoring to the public that nothing is due to capital, and that capitalism should be abolished. There are millions of organized laborers whose gospel is that ten times as many of the same class have no rights except such as the unions concede them. Such extravagance compels a challenge as to the correct attitude of society as a whole toward both capital and labor, the rich and the poor. Society as a unit comprises both and has no prejudice for or against either. Society as a whole is as impersonal as any corporation. So far as society has a conscience it has used it rather upon capital than upon labor. The money power has been subdued to the perception that it must conduct itself according to public opinion in its relations with labor. The same is not true regarding the policy of organized labor toward other labor or toward capital. Before there can be peace within the ranks of labor, or between labor and capital, or between unions and society, there must be a better morality on the part of the unions than is manifested in their preaching or their practice.

It is necessary to say this because labor is repeating the mistake of capital in seeking privilege by law. Labor is seeking and getting legislation which is immoral and inhumane, which is making competition of strong labor against weak labor unendurable, which is threatening society by deepening the antagonism between labor and capital, whose interests are in co-operation rather than in competition.

There are reasons of interest as well as moral reasons why society must protect itself against the selfishness of labor in the guise of humanity. The humanity of the unions has no thought for society. Society must do everything for the unions, but the unions owe nothing to society. Was it ever heard that the unions should give up anything to humanity? Was it ever heard that the unions should increase efficiency, or increase abundance of goods, so that want might be abolished? Yet that is the service of capital. The effort of capital is toward profit through abundance, through reduction of cost, through the stimulation of distribution. Individual fortunes argue not at all to the contrary. There is no large fortune made by restriction of production of necessities, or by the raising of price. The world's biggest fortune is a trifle compared to the reduction of the price of the commodity in which the fortune was accumulated. The accumulation would have been impossible if the price had not been reduced.

The vice of the unions is the requirement of increase of reward without increase of merit or of effort. Neither labor alone nor labor's policy would ever have given the world the blessings which have resulted from capital's policy. The results of capitalism speak for themselves. The policy of labor in antagonism is indefensible, either morally or from the standpoint of the selfish interests of society, of which labor is but a part. The requirement of society is that labor should subdue itself to society, even as capital has done.

DEMOCRATIZE WORK, IS BRANDEIS'S PLEA

1-24-15

"Benevolent Absolutism" Toward Wage Earners Must Be Avoided, He Testifies.

POINTS LABOR'S MISTAKES

Lawyer Tells Industrial Commission Employer Should Confide More in His Employes.

Louis D. Brandeis of Boston, who described himself as "a lawyer and public worker, but not in office," was the sole witness yesterday at the hearing of the Federal Commission on Industrial Relations in the City Hall. He insisted on the necessity of modifying the position of capital toward labor, so as to give labor less of the feeling that it is entirely at the mercy of its employer, and he said he believed that part of the friction between the two parties would be avoided if only capital would take labor so far into its confidence as to show how inadequate profits sometimes were and what great risks it was obliged to take.

In the mere size of corporations Mr. Brandeis saw a danger, with industrial relations in their present unsatisfactory condition, and he asserted that the mere alleviation of the physical conditions of the workers would not be sufficient to allay prevailing unrest. So he was led on to express uneasiness at the great philanthropic agencies like the Rockefeller, Sage, and Carnegie Foundations, although he admitted that he had no doubt of the lofty aims which had caused their creation.

In spite of the bad weather the Council Chamber was nearly as crowded as at the previous hearings. Most of the audience appeared to be in sympathy with Mr. Brandeis's criticism of the corporations. Mr. Brandeis held the attention of the commission until well after its usual hour of adjournment, and even then Prof. J. R. Commons, whom ill-health had prevented from joining his colleagues at previous sessions in this city, had not time to ask him all the questions he wished.

Wage Increases Tardy.

Mr. Brandeis expressed the opinion that in many industries there had been improvements in physical conditions, and that the growth of large and successful enterprises had contributed toward this end. But he thought the increase of wages had not been so rapid as it should be. This was almost the only good word the witness had to say for the big concerns. Chairman Walsh asked him if he had found them a bulwark against the growth of trade unions.

"Great corporations like the Steel Trust, the Tobacco Trust, and the Sugar Trust possess a power against which, in the main, trade organizations have struggled in vain," the witness replied. "Smaller organizations have shared the same design and purpose, but have not had the same power to resist the unions. The large corporations have been able to bring labor from all parts of the country and have had the financial resources to hold out. So they have influenced the situation more than the smaller concerns."

This led to the question of the underlying causes of the industrial unrest, of which Mr. Brandeis said:

"Many causes contribute, but a fundamental one in my view is the necessary contrast between our political liberty and our industrial absolutism. We are as free politically as any nation can be, but the position of the ordinary worker is the reverse of free. The worker has his voice in things political, but in dealing with industrial problems the corporation is absolute.

"It isn't the case of the individual worker against the ordinary employer. The centralized corporation, with its enormous resisting power, is too nearly absolute. Even strong unions cannot cope with the situation, and it has resulted in a condition of inequality between the two forces."

Mr. Brandeis went on to say that the assumption of an attitude of benevolence toward labor would not be a cure.

"It might result in benevolent absolutism," he said, "but it would be absolutism all the same. A powerful State has been created within the State, and there is a danger of injuring instead of developing the worker's manhood."

Mistakes of Labor.

Later Mr. Brandeis enlarged on this

idea and asked that the employer should take his employes into his confidence to a greater extent. He was speaking of the mistakes of labor, and said:

"They believe that the employers are making vast profits at the expense of labor. Yet in many cases they are not making enough for safety. The worker does not consider the amount of risk involved in business, and how necessary are large profits to cover losses. It would be a good thing if the employes chose some proper representative, who might understand how great is the chance of losing money in trying to make money. He should sit on the Board of Directors and learn what it means to make up one's mind to do this or that."

No amount of profit sharing, said Mr. Brandeis, would make up for such an experience as that. Profit sharing was generally merely a sharing up of the proceeds, but not of responsibility.

When the question of absentee ownership was put to Mr. Brandeis, he said that he thought it impossible for men conducting several great enterprises to have sufficient knowledge of conditions to make them safe custodians of the rights of the workers. No busy man had the time to be Director in more than one institution, and it was astonishing how small a proportion of stock could give the control of a corporation. Thus Mr. Brandeis told of one million-dollar company, in which a lawsuit showed the President did not hold a single share. He had sold out, and to qualify for re-election had to go into the market to buy five shares.

"Many great corporations," said Mr. Brandeis, "have resisted unionism on the ground that it was un-American. They are, as likely as not, quite sincere in their view just as the Czar of Russia is sincere in his view and can't change it. All human experience has shown that no one with great power can be trusted to bring about great reforms. The State must come to our aid, but it is doubtful how much it can do. We must democratize our industry, but the great difficulty is the concentration of power. It has been said that mere size is not immoral, but business may become so great as to be a danger which no community can tolerate."

Regarding the Rockefeller and similar foundations, Mr. Brandeis said:

"I have never questioned that these foundations rested upon the highest motives, but I have such belief in democracy that I have felt grave apprehension of what might happen when these foundations passed out of the present hands to others with less worthy motives.

Danger in Big Foundations.

"On the whole, they seem inconsistent with democratic aspirations, and indeed many have felt alarmed at the size of university endowments. But if these foundations do not grow too large and powerful and are counteracted by other influences such as Federal regulation, they may do great good for humanity."

Commissioner Weinstock wanted to know what Mr. Brandeis thought were the great mistakes made by the employers, and he replied that the first mistake was ignorance. The employer seemed to think that labor was a matter which could be left to the Superintendent of his factory, and did not realize that it was the foundation on which he had to build. It was a mistake to refuse to deal with unions even to the extent of seeing their business ruined. On the other hand, the workers were far too willing to impute unworthy motives to the employers.

"Nothing would conciliate capital more," the witness continued, "than an emphatic declaration on the part of the unions in favor of increased production. If I were the member of a union I should endeavor to make union men so superior to non-union men that capital would prefer to employ them. Moreover, the unions should discipline severely any union, which had been guilty of violence and declare that it was hurting their common cause."

"Have you ever known employers to discipline other employers for breaking a trade agreement?" asked Commissioner Garretson.

"Certainly," replied Mr. Brandeis. "The garment making employers disciplined and fined heavily some of the employers who broke the protocol."

Mr. Brandeis had no patience with the employers who would not recognize unions.

"It is foolish not to recognize them," he said. "They are there: they exist; if you don't think they behave properly, make them behave properly. If you can't recognize them as allies, recognize them as belligerents."

The witness considered that the refusal to recognize unions because they were not incorporated was trivial. The main advantage in incorporation he considered would be to the unions themselves. He also realized that it was difficult for a union's officials to bind its members as the President of a company could pledge the concern. The union was democratic, while the President of the company presumably could control the majority of the stock. But he thought the union officials should receive as much discretion as possible.

Legal regulation of labor conditions must be justified by experience. Mr. Brandeis said, and its limits would differ from time to time; so the minimum wage might be applied only in cases where there was no other way to improve things. For example it had become almost a settled custom in certain trades to pay women less than a living wage. No union could remedy that, but it was as justifiable to legislate about it for the good of the community as to demand a license from a locomotive engineer.

Takes Issue with Mr. Schiff.

When Commissioner Garretson suggested that scientific management should be applied to the division of profits as well as to the use of labor, Mr. Brandeis answered promptly that there could be no science about the division of profits. That was necessarily a matter of bargaining. He then took issue with Mr. Schiff's denial of the control of the railroads of the country by a few large banking houses.

"The difference of statement concerning the power of the banks," he said, "can be explained largely by a difference of definition. The control of the bankers does not mean that these individuals can give direct orders that this must be done and this not done. It means that there is in existence a great power, which people believe, generally with reason, will be pleased or displeased if certain things are done by the actual railroad managers."

Mrs. J. Borden Harriman wanted to know whether labor had anything to fear from unrestricted immigration. Mr. Brandeis admitted that it had, but he considered this could be remedied, not by general exclusion, but by the exclusion or restriction of certain classes of immigrants.

The commission will resume its hearings tomorrow morning at 10 o'clock, when John D. Rockefeller, Jr., Jerome D. Greene, Ivy L. Lee, and A. Barton Hepburn will be the witnesses.

BRANDEIS FOR WAGE BOARDS.

Tells City Club His Views of Minimum Pay Problem.

Minimum wage legislation as a benefit to society was discussed at the fifth Saturday luncheon of the City Club yesterday by Louis D. Brandeis, Dr. Howard B. Woolston of the New York State Factory Investigating Commission, and other speakers. A prescribed minimum wage for employes was indorsed by all, but they urged it, not as a philanthropic measure for its immediate beneficiaries so much as a step to be taken by society for its own betterment and protection.

Mr. Brandeis advocated the administration of the minimum wage remedy in homoeopathic doses that would not shock the social system. He was opposed to revolution, he said, and in favor of a gradual adoption of a system of minimum wage regulation that would be accepted by business as it progressed.

"Any legislation aimed to introduce changes has to be entered upon and its machinery must be applied with consideration for things as they exist," he said. "Now, a wage board could be created to take up the question in any State and make an individual investigation of wage conditions in every industry and locality, for in fixing a minimum wage the locality and the occupation must be taken into consideration. Thus, a girl working in a factory does not need as high a wage as a woman working in a department store, because the saleswoman has expenses of dress that the factory worker does not have; and a girl working in a small town would not have the expenses of car fare and food that must be met by a city worker."

Dr. Woolston told of his work as an investigator, in which he said he had found that many skilled women workers made less than $10 a week and that at least 2,000 "low skilled" workers in the State earned less than $3 a week.

"One half of the workers in the low skilled trades in New York State do not earn enough to enable them to live independently and support families properly," he declared.

Underpayment could be corrected best by legislation, he thought, and a general rise in low wages would not add materially to the cost of production or the burden upon the consumer.

"To increase the wages of 2,000 workers in a certain candy factory from an average of $5.75 a week to an average of $8 a week," he said, "would mean that the employers would have to add 18 cents more a hundred pounds to the cost of their product."

The discussion was limited to a minimum wage for women workers, as it seemed agreed that the first step should be taken to relieve their condition. The luncheon was attended by about 500 persons. John Martin, Chairman of the City Club's Committee on Labor Problems, presided.

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CLOSED SHOP OR OPEN SHOP?

FORD and GOMPERS. Closed shop and open shop. Truly, the contrast of their testimony before the Industrial Commission is interesting. Both are the extremes of their types, of the capitalist and the labor leader. To that extent neither is fairly representative, but rather an ideal toward which social movements would tend if guided by them. Where is the capitalist who would not like to make dividends of 1,250 per cent., on the highest wages paid in the world, for the cheapest product of the sort in the world? Where is the wage earner who is not dazzled by the conditions described by the employer who knows nothing about unions or tariffs? It is not possible to think that this is an example possible of imitation by all capitalists. Nevertheless it is an example of accomplishment under capitalism which should temper the condemnations of the system rather than of abuses under the system. When such happiness and prosperity of classes considered as natural enemies has actually been achieved it ought to be easier for it to be repeated.

On the other hand, what has unionism to offer in comparison if carried to the extreme represented by Mr. GOMPERS? A shorter workday, an average wage, better conditions of working, are all legitimate objects of attainment. No one would grudge them to labor if fairly earned. But it is fair to remark the price which is paid for them under the rule of Mr. GOMPERS. They are not earned, they are extorted. It is a pity that more employers do not see the profit in them, like Mr. FORD, but they come too high when attained in the Gompers manner. Unions operated along the Gompers lines offer no prizes either to the wage earners or to capitalists, or to society, which comprises both, and consumes their joint product. "Abandon hope who enter here," might be written above the portals of the Federation. The world's prizes lie outside its jurisdiction, which confines itself to a dead level of mediocrity and the production of class consciousness instead of regard for the common weal.

Mr. FORD employs anybody, convicts and well-meaners of no particular capacity, and makes better men of them. Gompersism keeps down the good men for the sake of the substandard earners. The idea may have its defenses, as a form of class charity, but it is worked at a tremendous cost. Wages and charity both may be paid out of the product of the open shop, but there is no surplus in a closed shop. Wages and profits are both on a scale which compels the closest management to keep alive. The employer is deprived of the fund with which he might be generous, and society is deprived of the production which might be enjoyed outside of the closed shop. Actually the minority places its ban on the majority and injures all, including itself.

It is needless to say that Mr. FORD conforms to the law, while Mr. GOMPERS defies and defiles it. He procures enactments of inequality and rebels at sentences upon himself and his associates. Dynamiters should go to jail, he says. Ought they not to be expelled from the union offices to which they were elected after their conviction? Ought not the Federation unions to purge their constitutions and by-laws of authorizations of offenses for which unionists have been fined and imprisoned? The answer of Mr. GOMPERS is that the acts were not justly punished. Boycotting is lawful, he says, under the law whose enactment was secured by the "union card group" in Congress. But it is to be remarked that the Federation is not now running a boycott against either non-unionists or employers. If he were to attempt a boycott Mr. GOMPERS would discover that, whereas Mr. LOEWE had no remedy except to sue for damages, under the Clayton law he is entitled to injunctive relief against the doing of the damage. No unlawful act is legalized by the Clayton act, but there are additional remedies against acts previously unlawful.

This contrast is not drawn in unkindness to Mr. GOMPERS. Capitalists are indebted to him for strengthening their case against his sort of unionism. His misuse of his power has caused the abandonment of the "unfair list" and restrained boycotting. His personal acts, and his policies, have resulted in the establishment of the right of injunctive relief and of punishment for contempt of court in industrial cases. The law is stronger against labor than before his efforts began. The cause of labor in general will suffer so long as he is allowed to misrepresent it by appeals to social justice with a club. Capitalism is strengthened by such attacks, but they ought not to be encouraged for that reason. The purpose of the contrast here drawn is to ask labor to consider what are its true ideals, either as citizens or as wage earners. Will unionists allow Mr. GOMPERS to lead them further along a path which must be contested at every step, or will they enter the path of co-operation, of "conspiracy" with capital to reduce want by giving service as good as the money paid for it?

ROCKEFELLER JR. SHOWS VAST FUND HAS NO LIMITATION

1/25/15

Plenary Power of Foundation Revealed in Report to Industrial Commission.

NO RESTRICTION ON CAPITAL

Donor Reserves the Right to Direct the Expenditure of $2,000,000 Annually.

DRIVE AT ITS LABOR INQUIRY

Investigators, Asking About Any Curb on Mr. King, Are Told They Misconceive the Aim.

IMPARTIALITY QUESTIONED

President of Foundation Will Testify Today—Full Text of His Exhaustive Statement.

John D. Rockefeller, Jr., President of the Rockefeller Foundation, will take the stand today in the inquiry which is being conducted in the City Hall by the Federal Commission on Industrial Relations. He will answer questions concerning the Foundation's purposes, methods, and origin.

Fuller information on these topics has been furnished to the commission in reply to two questionnaires which were sent out to the Foundation within the last few weeks asking for detailed information about its aims, the funds at its disposal, and its operation. The answers forwarded to the commission were given out in pamphlet form yesterday by the Foundation.

Total on Hand, $103,950,817.

Some of the principal features of the Foundation's reply follow:

The total funds on hand on Dec. 1, 1914, were $103,950;817, of which $2,021,537 was unexpended income.

Appropriations are made by the Board of Directors or the Finance Committee, but a condition appended by John D. Rockefeller to the original gift is that during his lifetime a part of the income, to amount to not more than $2,000,000 a year, shall be devoted "to such specific objects within the purposes of the Foundation" as he may from time to time direct.

The Foundation under its charter can receive funds from any source, but the officers do not expect further gifts.

Most of its work is done through contributions to other philanthropic agencies.

Industrial Relations Work.

The commission's questions deal largely with the Industrial Relations Division of the Foundation, under which William Lyon Mackenzie King, formerly Minister of Labor in the Canadian Cabinet, was selected to make a survey of all differences in the industrial field.

The investigation of these questions was stimulated by the Colorado strike troubles, but the Foundation is careful to explain:

"It cannot be too clearly understood that this inquiry is not to apportion blame in present or past misunderstandings, nor to justify any particular point of view; the sole purpose is constructively helpful, and questions of divergent policy or partiality in the investigation can have no place in such a work. The Foundation has felt that if it could work out sound and substantial improvements in the relation of capital and labor it could hardly do anything better calculated to promote the well-being of mankind for which purpose the Foundation was erected."

War on the Hookworm.

The Foundation gives considerable space to the work of the International Health Commission, which has for its object the eradication of hookworm throughout the world. Another general activity which the commission is now taking up is the promotion of medical education and public health in China.

"From the outset," says the statement, "the members of the Foundation were agreed that it could probably render more enduring service if, instead of making contributions to a large number of miscellaneous objects, its funds were primarily devoted to promoting the study of some of the more fundamental human needs. But a departure from this general policy would be amply justified by the utilization of a part of the funds of the Foundation to assist in meeting emergencies where the urgency of the need appeared to render such aid imperative. The Belgian relief, necessitated by the European war, is a case in point."

Other applications for specific work have been favorably received by the Foundation, with the result that it has pledged $10,000 a year for ten years to the American Academy in Rome and $20,000 a year for ten years to the New York Association for Improving the Condition of the Poor, for widows' pensions, and has bought, at $225,000, a large tract of land in Louisiana for use as a reservation for wild fowl.

Answers Fifty-five Queries.

The booklet in which the Foundation has inclosed its answers to the two questionnaires is a work of 103 pages. It includes the specific answers to the twenty-nine questions asked by the commission in its first questionnaire and the twenty-six in the second, together with the charter, constitution, and by-laws of the Foundation, and a list of the securities which it owns; a summary of the qualifications of Mr. King for the study of the labor problem, and a schedule showing the attendance of the individual members at meetings of the Foundation.

There are also two chapters from John D. Rockefeller's "Random Reminiscences of Men and Events," setting forth his views of philanthropy and charity; all the publicity material ever given out by the Foundation, editorials from several magazines and newspapers on the change in form of the proposed charter; the full text of the bills sumbitted to Congress in the effort to obtain a Federal charter, and a circular of the publications issued by the Rockefeller Sanitary Commission for the Eradication of Hookworm Disease and the International Health Commission.

Complete Text of Report.

The complete questionnaires, with replies, are given as follows:

ORGANIZATION.

QUESTION NO. 1.

Please furnish copies of constitution and by-laws.

ANSWER.

Copies of the charter, being Chapter 488 of the Laws of 1913 of the State of New York, and of the constitution and by-laws are hereto annexed, marked respectively, Schedules A, B and C (see page 19, et seq.)

QUESTION NO. 2.

What boards, funds, commissions and other organizations have been included under the Rockefeller Foundation?

ANSWER.

None. The Rockefeller Foundation is not a consolidation of pre-existing organizations, but is a separate and distinct creation with its own funds.

QUESTION NO. 3.

Who are the members of the present Board of Directors?

(a.) For what terms do they serve?

ANSWER.

For the term expiring 1915: Harry Pratt Judson, Simon Flexner, Starr J. Murphy.

For the term expiring 1916: John D. Rockefeller, John D. Rockefeller, Jr., Frederick T. Gates.

For the term expiring 1917: Charles W. Eliot, Wickliffe Rose, Charles O. Heydt, Jerome D. Greene, A. Barton Hepburn.

QUESTION NO. 4.

How and by whom will the future Directors be chosen?

(a.) For what terms will they serve?

ANSWER.

"New members, whether as successors to those named in the act of incorporation or otherwise, and such additional members as they or their successors shall see fit to associate with them, shall be elected by ballot, either at the annual meeting of the corporation or at a special meeting duly called for that purpose, by vote of a majority of the members of the corporation attending such meeting.

"Any member may withdraw from the corporation by a notice in writing of the President or Secretary. The members shall be at all times divided into three classes equal numerically, as nearly as may be, and the original members shall at their first meeting, or as soon thereafter as may be convenient, be divided into three classes, the members of the first class to hold their membership and office until the first annual meeting, the members of the second class until the second annual meeting, and the members of the third class until the third annual meeting, and in every case the member shall hold office after the expiration of his term until his successor shall be chosen. At each annual meeting the successors to those members whose term of office then expires shall be chosen for the term of three years and until their successors shall be chosen." (Constitution, Article 1.)

Election of Officers.

QUESTION NO. 5.

Who are the present officers of the Foundation and its subsidiary organizations?

(a.) How were they chosen?

(b.) For what terms do they hold office?

ANSWER.

The present officers of the Foundation are: John D. Rockefeller, Jr., President; Jerome D. Greene, Secretary; Louis G. Myers, Treasurer; Lefferts M. Dashiell, Assistant Treasurer.

These officers, with the exception of the Assistant Treasurer, were chosen by ballot at the first meeting of the Foundation, held May 22, 1913, and reelected at the first annual meeting of the Foundation, held January 21, 1914, in accordance with Article IV of the constitution, which is as follows:

"OFFICERS.

"The officers of the corporation shall consist of a President, Secretary, and Treasurer, together with such other officers as may be determined by the By-laws. These officers shall have the duties and exercise the powers assigned to them by this constitution or by the by-laws, or by resolutions adopted pursuant to the authority of this constitution or the by-laws. At each annual meeting of the corporation, or, in default of election at such meeting, then at an adjournment thereof, or at any meeting duly called for that purpose, the corporation shall elect by ballot a President, Secretary, and Treasurer, and it may choose such other officers as the by-laws shall from time to time provide. All the officers, whether elected or appointed, shall hold office at the pleasure of the corporation, but in no case beyond the time when their respective successors shall be elected and accept office."

The Assistant Treasurer was appointed by the executive committee at its meeting on March 18, 1914.

The Foundation has created, as a subsidiary organization, the International Health Commission, the purpose of which is to extend to foreign countries and peoples the work of eradicating hookworm disease as opportunity offers, and so far as practicable to follow up the treatment and cure of this disease with the establishment of agencies for the promotion of public sanitation and the spread of knowledge of scientific medicine. The members of the International Health Commission are the members of the executive committee of the Rockefeller Foundation, viz: Simon Flexner, Jerome D. Greene, Charles O. Heydt, Starr J. Murphy, John D. Rockefeller, Jr., and Messrs. Charles W. Eliot, Frederick T. Gates, William Crawford Gorgas, David F. Houston, Walter H. Page, Wickliffe Rose, William H. Welch.

The officers of the International Health Commission are: John D. Rockefeller, Jr., Chairman; Wickliffe Rose, Director General; John A. Ferrell, Assistant Director General.

These officers were elected by the members of the International Health Commission at its annual meeting, held Jan. 20, 1914, for the term of one year, or until their successors are elected.

FUNDS, CHARACTER AND CONTROL

QUESTION NO. 6.

Please furnish a statement, showing in detail the funds, securities, and other sources of income now held by the Foundation or by any subsidiary organizations.

ANSWER.

See Schedule D (page 27).

QUESTION NO. 7.

By what committee, board, or person are the funds of the corporation controlled?

a. Who controls the character of investment or place of deposit of the funds?

ANSWER.

The Finance Commitee controls the character of the investments. (By-Laws, Art. 11.)

The Executive Committee controls the place of deposit of the funds. (By-Laws, Art. V.)

b. On whose authorization and in what manner are funds appropriated?

ANSWER.

Appropriations are made by the Board of Directors or the Executive Committee, on the report and recommendation of the Secretary or any other officer or member of the Foundation.

c. On whose warrants are funds paid out?

ANSWER.

"No bills shall be paid except those which have been incurred pursuant to a resolution of the Corporation or under the authority of the Executive Committee, and such bills shall be paid only on a voucher approving the same for payment and referring to the specific resolution or authorization pursuant to which they were respectively incurred, which voucher shall be signed by the President and the Secretary or such of the assistant secretaries as shall be designated by resolution of the Corporation or the Executive Committee, or, in the case of the absence or disability of either the President or Secretary, by such other member of the Corporation as such absentees shall designate in writing for that purpose.

"A current expense account of not to exceed five thousand dollars ($5,000) on deposit at any one time may be opened with such depository as may be designated by the Executive Committee, which shall be subject to draft upon the signature of the cashier of the Corporation who shall be bonded at the expense of the Corporation for such sum as the Executive Committee shall fix."

(Art. V. of By-Laws, pars. 2 and 3.)

d. What regulation governs the expenditure of the funds or limits the accumulation of the fund?

e. What regulation controls the expenditure of the principal?

No Limit Prescribed.

ANSWER.

As regards the accumulation of the fund, the Charter of the Foundation provides:

"The Corporation * * * shall have the power to take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, any property, real or personal, without limitation as to amount or value, except such limitation, if any, as the Legislature shall hereafter specifically impose; to convey such property, and to invest and reinvest any principal, and deal with and expend the income and principal of the corporation in such manner as in the judgment of the trustees will best promote its object. It shall have the power, and be subject to all the restrictions which now pertain by law to membership corporations created by special law and to the same are applicable thereto and are not inconsistent with the provisions of this act."

As regards the expenditure of the principal and income, the only restrictions are:

1. The following provisions in Mr. John D. Rockefeller's letter of March 6, 1914:

"It is a condition of this gift that from the income of the Foundation the sum of $2,000,000 annually, or as much thereof as I shall designate, shall be applied during my lifetime to such specific objects within the corporate purposes of the Foundation as I may from time to time direct. If at the close of any fiscal year there shall remain any balance of the $2,000,000 which I have not thus designated during that fiscal year, such balance shall be transferred to the general unrestricted income of the Foundation, to be used as the Foundation shall see fit. Subject to the foregoing provision, the principal as well as the income of this gift may be used in your discretion for any of the corporate purposes of the Foundation."

2. By-Laws, Art. 8, as follows:

"No part of the principal of the funds of the Foundation shall be distributed except pursuant to a resolution passed by the affirmative vote of two-thirds of all those who shall at the time be members of the Foundation at a special meeting held on not less than thirty days' notice given in writing to each member of the Foundation, which shall state that the meeting is called for the purpose of considering a resolution to authorize the distribution of the whole or some part of the principal of its funds."

QUESTION NO. 8.

From what sources have the funds of the Foundation to date been derived?

ANSWER.

The Foundation has received from Mr. John D. Rockefeller gifts of securities of the aggregate market value at the time of the gifts of $100,000,000. It has also received securities aggregating $48,000 from Laura S. (Mrs. John D.) Rockefeller in trust, for certain specific purposes within the corporate purposes of the Board.

Funds In Future.

QUESTION NO. 9.

From what sources are the future funds of the Foundation expected to be received?

ANSWER.

The Foundation has no expectation with regard to future funds, but under the terms of its charter it can receive gifts from any source.

QUESTION NO. 10.

In the divisions of the Foundation which have already been in operation (e. g. General Education Board), how, by whom and for what periods have appropriations been made?

a. Are such appropriations made as a lump sum to be used at the will of the directors or responsible head, or is there an appropriation for each specific line of work?

ANSWER.

This question is evidently based upon a misunderstanding. As stated above, the Rockefeller Foundation is not composed of organizations which previously existed. The General Education Board is an entirely independent corporation, with funds of its own. In the case of the International Health Commission lump sums have been from time to time appropriated for the use of the Commission, to be expended in accordance with appropriations duly made by the Commission or its Executive Committee.

QUESTION NO. 11.

By whom and in what manner are the estimates for necessary appropriations made?

ANSWER.

The major part of the work of the Foundation consists in making contributions to other agencies carrying on various philanthropic activities. Applications are made by these agencies, and appropriations are made by the Board or the Executive Committee on the report and recommendation of the Secretary or any other officer or member of the Foundation. In cases where estimates are necessary, they are made by the persons recommending or presenting the matters.

QUESTION NO. 12.

After an appropriation for any particular purpose has been made, to what restrictions or review is its expenditure subject, other than the ordinary business and legal procedure to insure honesty in its control?

ANSWER.

The appropriations are in general made in the form of pledges to particular institutions for definite amounts, and, when once made, each pledge becomes a contract which is not subject to review by the Foundation. The expenditure of other appropriations is subject to the ordinary business and legal procedure.

AGREEMENTS AND CONTRACTS.

QUESTION NO. 13.

What agreements or understanding, verbal or written, exist between the Foundation and Mr. King, regarding the scope of the work which is to be done under his direction, and the method of investigation which is to be pursued?

(a.) By whom was the arrangement with Mr. King made?

ANSWER.

Mr. King was appointed pursuant to a resolution adopted at the meeting of the Executive Committee of the Rockefeller Foundation held Aug. 13, 1914, of which the following is a copy:

"Resolved, That William Lyon Mackenzie King be, and he is hereby, appointed to make a comprehensive study of the problem of industrial relations at a salary of $ a year from Oct. 1, 1914.

"It was, on motion, further

"Resolved, That the Secretary be authorized to approve all bills for necessary traveling expenses and all other expenses incurred by Mr. King in the pursuance of his work under the direction of the Executive Committee. The Secretary presented a recommendation from Mr. King that the employment of Robert F. Foerster, Ph. D., to prepare a catalogue of individuals and organizations, and a bibliography concerning the general subject of industrial relations.

"Whereupon it was, on motion,

"Resolved, That Dr. Foerster be appointed to perform the service above described, the same to be completed on or about Dec. 1, 1914, for a total compensation of $

"It was also further

"Resolved, That Dr. Foerster be authorized to employ as his assistant L. C. Staples at a salary of $ a month, and to employ such further clerical assistance and incur such further expenses incident to the preparation of the proposed catalogue and bibliography as should meet the approval of Mr. King."

The amounts of the salaries have been omitted as being information of a confidential nature not material to this inquiry.

The action at this meeting had been preceded by conferences and correspondence between Mr. King and members of the Executive Committee of the Foundation, principally the President and Secretary, Messrs. John D. Rockefeller, Jr., and Jerome D. Greene. In brief, Mr. King was invited to conduct "an investigation of the great problem of industrial relations, with a special view to the discovery of some mutual relationship of labor and

capital which would afford to labor the protection it needs against oppression and exploitation, while at the same time promoting its efficiency as an instrument of economic production." Mr. King was also invited to outline a method of work and organization for the proposed investigation which would enable him to make the greatest possible contribution to the solution of the problem. The wish of the Foundation was expressed as follows:

"It is our desire that the scope should be as broad and comprehensive as possible, for only as a result of such an intensive investigation can we hope to be in a position to make helpful suggestions looking toward the improvement in industrial relations."

Mr. King's Powers.

There is no formal written contract between the Foundation and Mr. King, other than the resolution appointing him. There are no verbal agreements or understandings.

QUESTION NO. 14.

Is there any provision in the agreement or understanding to assure Mr. King's ability to go on with his plans, even if his policy should be divergent from that of the Directors?

ANSWER.

This and several subsequent questions appear to be based upon an entire misconception of the spirit and purpose of the investigation which Mr. King has been retained to direct. Having in mind that hardly any institution is in more far-reaching than the industrial relation, and particularly having in view the growing tendency to misunderstanding and lack of harmony between employers and employes, resulting in great injury to both as well as to the general public, the Foundation has felt that no subject could be more worthy of study, and that if it could work out sound and substantial improvements in the relation of capital and labor, it could hardly do anything better calculated "to promote the well-being of mankind," for which purpose the Foundation was created. In no sense will the inquiry be local or restricted, or carried on with reference to any one existing situation or to conditions in any one country. The experience of the several countries of the world will be drawn upon.

Mr. King has been selected as a person whose broad sympathies and wide experience peculiarly qualify him to assist the Foundation in this endeavor. As indicated in the statement of the Foundation at the time the investigation of industrial relations was announced the work in spirit and method will be akin to that of the Rockefeller Institute for Medical Research. In so far as Mr. King's inquiries have to do with industrial controversies, his attitude will be that of a physician who investigates the nature and causes of the pathological conditions with which he has to deal, with a view, if possible, to the discovery of effective remedies.

It cannot be clearly understood that the pupose of this inquiry is not to apportion blame in present or past misunderstandings, nor to justify any particular point of view; the sole purpose is to be constructively helpful. The final and only test of the work will be the degree to which the constructive suggestions growing out of the investigation actually improve the relations between capital and labor. In a work conceived and undertaken in such a spirit, any question of divergent policies or of partiality in the investigation can have no place. Mr. King has from the outset indicated to the Foundation his desire to avoid any form of organization which may cause it even to appear that his work is intended to rival or encroach upon the work of existing organizations, and in particular the work properly assignable to Government departments and agencies. It is his intention from time to time to retain experts and seek expert advice in different fields included within the scope of his study, and to employ such clerical assistance as may be necessary.

In view of Mr. King's experience, the conduct of the work will be left in his hands, subject only to such conference with the officers of the Foundation as may be desirable, and to a general control by the Foundation of the extent of the expenditure.

Employed for One Year.

QUESTION NO. 15.

Upon what conditions can the agreement with Mr. King be terminated?

ANSWER.

At Mr. King's expressed wish, the period of his relationship to the Foundation was limited to one year, beginning Oct. 1, 1914, with the hope and expectation expressed by the Foundation that his connection with it might continue thereafter indefinitely.

QUESTION NO. 16.

What person, board, or committee controls the field, scope and method of investigation?

ANSWER.

Mr. King as Director.

QUESTION NO. 17.

Has the Foundation or its subsidiary and affiliated organizations refused at any time to contribute appropriations for any piece of work or for any investigation which had been agreed upon?

ANSWER.

No.

PURPOSE AND PLANS.

QUESTION NO. 18.

What were the fundamental reasons and purposes which led to the consolidation and incorporation of the various Rockefeller benefactions?

ANSWER.

There has been no consolidation of the various Rockefeller benefactions.

QUESTION NO. 19.

Please outline briefly the work which is now being carried on by the subsidiary departments or organizations which make up the Foundation, and indicate as far as possible their general plans.

ANSWER.

As previously stated, the major part of the work of the Foundation consists in contributions to other agencies carrying on various philanthropic activities. The work and plans of the International Health Commission and of the Industrial Relations Investigation are described in answer to previous questions. The former is now carrying on work in the British West Indies, Central America, Egypt, Ceylon, the Malay States, and the Philippines.

QUESTION NO. 20.

What were the facts, reasons, and considerations which led to the establishment of the Industrial Relations Division of the Foundation?

ANSWER.

For several years past Mr. John D. Rockefeller and his advisers have had under consideration the establishment of an organization for social and economic research. Upon the establishment of the Rockefeller Foundation, one of the first matters which it considered was the possibility of the organization of such an institution, and a committee of leading economists and business men was created to consider whether such an organization could wisely and profitably be established. This is referred to in the testimony of Mr. John D. Rockefeller, Jr., given April 6, 1914, before the Sub-Committee of the Committee on Mines and Mining of the House of Representatives (see Page 2,802 of their printed testimony).

Impressed by Colorado Strike.

While the general subject of economic research was under consideration, the industrial disturbances in Colorado impressed the President of the Foundation with the great need and public importance of finding an effective means of preventing such conflicts and caused him to urge a far-reaching study of industrial relations as the most important immediate inquiry to which the Foundation could direct attention. In view of the passion aroused in Colorado and the many divergent interests involved there, it was felt that the Foundation itself should not interfere in that situation, but that if was of the first consequence that the root causes of that and similar disturbances should be ascertained, and, if possible, removed, not only in Colorado but elsewhere.

The Rockefeller Foundation is, moreover, a large owner of corporate securities, and in that capacity is itself directly concerned in maintaining harmonious relations between the companies in which it is interested and their employes. It was therefore felt that if the foundation could work out, on a basis compatible with sound economics, a substantial improvement in the relations between capital and labor, it would not only discharge its obligation as indirectly a large employer of labor, but would also perform for the general public a greater social service than it could render along usual philanthropic lines. Realizing that the success of such an endeavor would depend almost entirely upon the character and experience of the person conducting the work, it examined the field to see whether a suitable person could be found. In this connection its attention was directed to Mr. King, and the officers determined that in view of his broad experience and high character, if his services could be secured they would recommend that the Foundation undertake a study of this subject.

QUESTION NO. 21.

If the Industrial Relations Division was authorized by resolution, please furnish a copy of the resolution. If not, please state by whom, at what time, and under what circumstances its establishment was suggested and provided for.

ANSWER.

A copy of the resolution is set forth in answer to question No. 13.

QUESTION NO. 22.

Please outline, as far as possible, the questions in the field of industrial relations to which the investigations of the Foundation may be directed.

ANSWER.

This has been left to Mr. King to decide.

QUESTION NO. 23.

What results does the Foundation expect to secure from its Industrial Relations Division?

Definite Limits Avoided.

ANSWER.

As already stated in answer to Questions Nos. 14 and 20, it is hoped that by a careful study of world experience there may be developed methods of anjusting industrial relations which if applied will prove of permanent value.

QUESTION NO. 24.

Will the work of the Industrial Relations Division be limited to investigation?

ANSWER.

Being solely concerned with the accomplishment of the practical aim of this undertaking, namely, to improve the relations between capital and labor, the Foundation has purposely avoided assigning any definite limits either to the method of procedure or to the scope of the work.

QUESTION NO. 25.

If not, what means other than the publication of investigations are likely to be used to make effective the findings of the investigations?

ANSWER.

Answered by the answer to the preceding question.

QUESTION NO. 26.

In what form and to what authority will the annual reports of the Foundation be made?

ANSWER.

The statute of New York does not require the publication or filing with any public authority of annual reports. The Foundation has already decided, however, to publish annual reports of its activities.

QUESTION NO. 27.

To whose supervision or approvel will the reports of the investigations be subject prior to publication?

ANSWER.

To the Foundation or the Executive Committee.

QUESTION NO. 28.

In what way will the impartiality of the Foundation's investigations and reports be assured?

ANSWER.

This is covered by the answers to Questions Nos. 14 and 20.

QUESTION NO. 29.

When will the plans of Mr. King be ready?

ANSWER.

It is not expected that plans of a formal or conventional kind will be prepared, but rather that Mr. King will proceed along such lines as may from time to time appear to offer greatest promise of practical results.

THE ROCKEFELLER FOUNDATION.
(Signed) John D. Rockefeller, Jr., President.
(Signed) Jerome D. Greene, Secretary.
December 4, 1914.

II.—Information Furnished by the Rockefeller Foundation in Response to Supplementary Questionnaire Submitted by the United States Commission on Industrial Relations Under Date of Jan. 7, 1915.

QUESTION NO. 1.

(a.) Where were the present Treasurer and Assistant Treasurer employed at the time of election of officers of the Foundation?

(b.) Do they give full time service to the Foundation? If not, what portion of their time is given to the Foundation?

ANSWER.

(a.) The present Treasurer, L. C. Myers, was formerly office manager in the private office of George Foster Peabody, the Treasurer of the General Education Board, and Mr. Myers acted as Assistant Treasurer of that board. Upon the retirement of Mr. Peabody Mr. Myers succeeded him as Treasurer of the General Education Board, and was also appointed the Treasurer of the Rockefeller Institute for Medical Research and the Rockefeller Sanitary Commission for the Eradication of Hookworm Disease, in which positions he was serving at the time of his appointment to the Treasurership of the Rockefeller Foundation.

The present Assistant Treasurer, L. M. Dashiell, was at the time of his appointment cashier and office manager in the office of Messrs. Simmons & Slade, bankers and brokers, 5 Nassau Street, New York City.

(b.) Mr. Myers is now Treasurer and Mr. Dashiell Assistant Treasurer of the General Education Board, the Rockefeller Institute, and the Rockefeller Foundation. Their salaries are prorated to the respective boards on the basis of the proportion which the income of each board bears to the total income of the three boards.

QUESTION NO. 2.

(a.) Has the Foundation a complete file of the publications issued by the International Health Commission and its predecessor, the Sanitary Commission, including publicity matter furnished to newspapers, Departments of Health, Departments of Education, &c.? If so, is this matter in form that it may be sent to the Industrial Relations Commission?

(b.) May it be consulted at the Foundation's office?

ANSWER.

(a.) and (b.) The Foundation has complete files of the publications issued by the Rockefeller Sanitary Commission for the Eradication of Hookworm Disease, and of the few publications of the International Health Commission, and these are available for consultation at the office of the Rockefeller Foundation. No other publicity matter has been issued by either commission, though much effective publicity has been given to the work of each by State, county, and local authorities. (See Page 103.)

Health Commission's Work.

QUESTION NO. 3.

What studies has the International Health Commission made of industrial diseases or of sanitary conditions of different industries?

ANSWER.

The International Health Commission, since its organization, has confined its activities almost entirely to the eradication of hookworm disease in different parts of the world. It may be mentioned, however, that the reports of the Sanitary Commission whose work in the Southern States has now been taken over by the International Health Commission, show that the ravages of hookworm disease have a most important effect upon the economic efficiency of infected persons.

QUESTION NO. 4.

Who are the members of the Foundation's Finance Committee?

ANSWER.

John D. Rockefeller, Jr., Starr J. Murphy and Jerome D. Greene.

QUESTION NO. 5.

(a.) Regarding applications from various philanthropic agencies for contributions by the Foundation, is it possible to state briefly the Foundation's procedure in considering such applications?

(c.) What applications come to the attention of the Executive Committee?

(2) What applications come to the attention of the full board?

(3) What officer or employe of the Foundation has authority to reject an application without submitting it to the Executive Committee or to the full board?

(b.) What is the nature of the record which explains the grounds on which applications are thought not deserving consideration, or after being considered, are rejected?

ANSWER.

(a.) The answer to this question will be clearer if preceded by a general statement of the Foundation's attitude in what must still be called, after a little more than a year of work, the initial stage of its activities. From the outset the members of the Foundation, having in mind its chartered purpose "to promote the well-being of mankind throughout the world," were agreed that the Foundation could probably render a more enduring service if, instead of making contributions to a large number of miscellaneous objects, its funds were primarily devoted to promoting the study of some of the more fundamental human needs, with a view to achieving results that might not be so well accomplished by agencies more limited in scope. The members of the Foundation have felt that a departure from this general policy would be amply justified by the utilization of a part of the funds of the Foundation to assist in meeting emergencies where the urgency of the need appeared to render such aid imperative. The Belgian relief necessitated by the European War, is a case in point. The following activities upon which the Foundation has embarked will illustrate how this general principle is being applied:

The organization of the International Health Commission for a world wide campaign against hookworm disease;

The promotion of medical education and public health in China, a work upon which the Foundation is now entering;

The investigation of industrial relations, a field of study so vast as to require in all probability years of study.

Pledge for Widows' Pensions.

During the first year of its existence the Foundation has responded favorably to a limited number of applications, affirmative action upon which seemed likely not only to meet a real need, but also to provide experiences which it was believed would prove illuminating and of assistance to the Foundation in determining future policies; e. g.:

A pledge of $10,000 a year for ten years to the American Academy in Rome.

A pledge of $20,000 a year for ten years to the New York Association for Improving the Condition of the Poor, for widows' pensions.

The purchase of a large tract of land in Louisiana as a reservation for wild fowl at a cost of about $225,000.

(d.) (2.) Meetings of the full Board of the Foundation are generally devoted to discussion and determination of important matters of general policy; action is also taken on such recommendations as are presented. Between meetings of the Board applications are acted upon by the Executive Committee in accordance with the policies of the Board.

(3.) Applications are usually made through the President or the Secretary of the Foundation. In the majority of instances, it is possible for either officer to tell whether or not the proposition comes within the scope of the Foundation's policies and acts accordingly. It is the duty of the Secretary to study the data submitted with applications, to secure additional data if necessary, to prepare recommendations and to submit them for formal action. Matters are sometimes acted upon at meetings of the Executive Committee at which only a quorum are present. In such cases the matters have usually been presented to and approved by members not expecting to be present.

(b.) There is no formal record explaining the grounds on which applications are thought not deserving of consideration.

QUESTION NO. 6.

Is it possible to tell from the Foundation's records how many applications have been received since the establishment of the Foundation in the interest of different proposals for studying or improving labor conditions?

ANSWER.

The records show but one such application.

QUESTION NO. 7.

About how many conferences had members of the Foundation had with Mr. King before the resolution of Aug. 13th, appointing him to make a comprehensive study of industrial relations?

ANSWER.

Three.

QUESTION NO. 8.

Has the outline of the method of work and organization for the proposed investigation mentioned in the answer to our Question No. 13 been submitted? If so, may we have a copy?

King's Plan of Inquiry.

ANSWER.

Mr. King has suggested in conversation with members of the Foundation the method of work he proposes to adopt, but has not submitted a formal outline or report. Intensive study rather than extensive investigation perhaps best describes the character of Mr. King's work as thus far indicated by him. He is proceeding as a student who is carefully surveying a special field of work, with a view to ascertaining in the first instance how far investigation of the great problem of industrial relations has been already profitably carried out by others, and determining as to wherein further investigation may be made to advantage under such auspices and with such resources as the Foundation is in a position to provide. When Mr. King was invited to enlist in this work, the purpose of the Foundation was set forth in the following words in a communication to him:

"The problem is so vast and the difficulties are so largely inherent in human nature, that a complete solution is not to be had in five years or in a generation. On the other hand, it might be expected that hard work for a year or two could yield much light on the problem, and particularly on the very question whether such studies could be profitably pursued for a longer or an indefinite time under such auspices, and with such resources as the Rockefeller Foundation could provide."

To facilitate his studies, Mr. King's first step was to retain Prof. Foerster of Harvard University to prepare a bibliography of the literature on the subject of industrial relations as found in the libraries of Harvard University, also a directory of societies, organizations, and individuals who have carried on or may at the present time be carrying on research work in the field of industrial relations. The Author and Subject Catalogue, prepared by Prof. Foerster, has over five thousand different titles, including references to publications in all parts of the world. The Directory, which is also in the form of a card catalogue, is confined to America, and has between seven and eight hundred references. With the literature of the subject thus indicated before him, Mr. King has been engaged upon the preparation of a chart of the field of industrial relations, which when completed he hopes to have opportunity of discussing with informed persons of all classes and many points of view. Having completed a preliminary survey in this way, he then proposes to develop the work along such lines as may from time to time appear to offer the greatest promise of practical results.

As regards organization, aside from Dr. Foerster was appointed to do a specific piece of work, so Mr. King expects, as time goes on, occasionally to retain expert advice and assistance, but it is not his intention to attempt the organization of any staff, such, for example, as exists in Government bureaus or commissions. With the exception of the appointment of Dr. Foerster and a secretary, Mr. King has not thus far made any request for appointments. He has engaged temporary stenographic assistance as he has

required it. The Foundation places every confidence in Mr. King's judgment, and no attempt has been or will be made to influence him in the selection of persons whom he may wish to retain, the questions he may wish to ask or the course he may wish to follow, in pursuing the work he has undertaken for the Foundation.

Catalogue and Bibliography.

QUESTION NO. 9.

(a.) Have the catalogue and bibliography which were to be prepared by Dr. Foerster by August 1, been completed?

(b.) Are they in form for submission to this commission, or to be consulted by it at the Foundation's office?

ANSWER.

(a.) Yes.

(b.) They are at Mr. King's residence at the Roxborough, Ottawa, Canada, and should the commission desire to consult them, Mr. King will gladly either bring the catalogue and bibliography in whole or in part to New York or place them at the disposal of such officers as the commision may desire to have consult them in Ottawa.

QUESTION NO. 10.

(a.) Before deciding to engage Mr. King, what study did the Foundation make of literature concerning industrial relations?

(b.) What examination was made of the work then in progress or planned by State and national bureaus and commissions?

(c.) With whom besides Mr. King did it consult regarding its plan for study?

ANSWER.

(a.) and (b.) None. Mr. King's services were enlisted among other reasons, with the very thought in mind that he could make just such preliminary surveys as are here implied.

(c.) While members of the Foundation talked informally with personal friends concerning a suitable person to make a study of industrial relations, there were no consultations with anyone other than Mr. King regarding a plan of study.

QUESTION NO. 11.

(a.) Referring to your answer to our Question No. 14, how many formal interim reports have been made by Mr. King since Oct. 1?

(b.) What formal reports of progress, if any, have been called for?

ANSWER.

(a.) There have been no formal interim reports made by Mr. King.

(b.) Formal reports of progress have not been called for. These questions are perhaps best answered by the answer to Question No. 8.

QUESTION NO. 12.

(a.) How large a staff has Mr. King at the present time?

(b). Please indicate how many and which are experienced investigators and how many clerical.

ANSWER.

(a.) and (b.) These questions also are best answered by the answer to Question No. 8.

QUESTION NO. 13.

Will you summarize the previous experience of Mr. King in dealing with labor problems, to which at two or three points in your letter, e. g. answer to Question No. 14, you refer?

ANSWER.

A summary of Mr. King's experience in dealing with labor problems is attached to this reply. (See Exhibit "A," Page 50, et seq.)

QUESTION NO. 14.

(a.) Were notices sent to all members of the Foundation before the meeting of Aug. 13 stating the purpose to consider the engagement of Mr. King for the study of industrial relations?

(b.) How far in advance of the meeting were such notices sent?

(c.) How many and which members of the Foundation were present at the meeting of Aug. 13?

Notified All Members.

ANSWER.

(a.,) (b.,) and (c.) The meeting of Aug 13, 1914, was a meeting of the Executive Committee, notice of which was sent by the Secretary to all members on July 30, 1914. No formal statement of the purpose of the meeting was made, but all the members were familiar with the project under consideration. The following members were present: John D. Rockefeller, Jr., Simon Flexner, Charles O. Heydt, and Jerome D. Greene, members of the Executive Committee, and Wickliffe Rose, a member of the Foundation, by invitation. These constituted the Executive Committee, except Starr J. Murphy, who was absent on his Summer vacation.

QUESTION 15.

(a.) What is the Foundation's procedure in considering reports of investigators and in examining responsibility for such reports, i. e., is a separate copy sent to each member?

(b.) Is written confirmation, or suggestion, or criticism invited? received?

(c.) Are reports submitted to any persons not members of the Foundation?

(d.) Has any procedure been decided upon with reference to the final consideration of Mr. King's report?

ANSWER.

(a.) (b.) and (c.) During the very short period of the Foundation's existence it has not set on foot many investigations such as the question seems to refer to, nor has it adopted any procedure in considering reports. Before undertaking so important a work as medical education in China, the Foundation appointed a Commission of three persons, who were sent to China and spent about four months in that country. Upon its return the Commission took a month for the preparation of a very full and comprehensive report, copies of which were printed and sent to the members of the Foundation. In the case of the hookworm work in foreign countries, the Director General, Mr. Wickliffe Rose, was sent around the world, to visit the countries where the greatest infection was known to exist. Upon his return he presented written recommendations for the inauguration of work in certain countries, reported orally upon his observations and experiences during the journey, and filed with the Secretary his detailed notes in such form as to be available for reference by members of the Foundation. In any case where it might seem desirable to get outside expert opinion on a report made to the Foundation, such application would undoubtedly be sought, as was the case with the report on medical work in China, which was shown to a number of persons interested in China whose opinions were considered valuable. In all such cases of reference to competent critics, the freest comment is invited, but no form, either written or oral, has been prescribed for the communication of such comment.

(d.) No procedure has been decided upon with reference to the final consideration of Mr. King's report.

QUESTION NO. 16.

(a.) Regarding the Committee of Leading Economists and Business Men, mentioned in your answer to our question 20, may we know the names, when appointed, the number of meetings held, the number of meetings attended by each member, the number and name of investigators, whether interim reports were sent to each committee member, and how long in advance of the meeting at which it was first considered?

(b) May we have a copy of any plans that were adopted in advance of the study and of the final report, or interim reports, which have been received at the time the industrial disturbances in Colorado caused the President of the Foundation to urge the present far-reaching study of industrial relations?

Conferred with Educators.

ANSWER.

(a) The question as to the desirability of establishing an institute or bureau for the study of economic questions has been informally discussed among members of the Foundation, both before and after its establishment. Personal conferences were also had with the following individuals: Dean Edwin F. Gay of Harvard University, Prof. J. Laurence Laughlin of the University of Chicago, John Koren, President of the American Statistical Association; President Charles W. Eliot, and Prof. Wesley C. Mitchell of Columbia University. Authority to hold these personal conferences was given by a vote of the Foundation of Oct. 22, 1913, directing the Secretary "to invite suggestions as to the desirability of establishing an organization for the study of important social and economic questions vitally affecting the welfare of society at the present time." The results of these conferences, each of which were favorable to the establishment of some sort of agency for the scientific investigation of economic subjects, was reported to the Executive Committee at the meeting of Dec. 20, 1913, and it was understood that further conferences would be held. Acting upon this resolution, the following gentlemen were invited to a conference at the office of the Foundation on March 18, 1914: Dean Edwin F. Gay of Harvard University, Prof. J. Laurence Laughlin of the University of Chicago, Prof. J. B. Clark of Columbia University, Prof. Henry C. Emery of Yale University, and Prof. W. C. Mitchell of Columbia University. Messrs. John D. Rockefeller, Jr., Frederick T. Gates, and Jerome D. Greene represented the Foundation at this conference. The opinion of the economists present was that there were fields of inquiry on economic subjects, such, for example, as would require the accumulation of a large body of statistics or the extension of research in different parts of the world, which a private agency, adequately supported for as many years as might prove necessary, could undertake advantageously. Acting upon this advice, the Executive Committee of the Foundation, in session immediately after the conference, authorized by resolution the appointment of Messrs. Edwin F. Gay, (Chairman,) J. Laurence Laughlin, Thomas W. Page, Victor Morawetz, and Harry A. Wheeler as a committee "to consider further the desirability of establishing an institute for economic research, to make a selection of such problems of economic importance as would in their judgment be advantageously studied through such an agency, to recommend a method of organization, and to present an estimate of the approximate cost of initiating and carrying on the work to be first proposed." This committee reported, under date of Aug. 4, 1914, unanimously recommending that studies be initiated and be carried on for a year in some chosen field, with a view to discovering whether such studies, if continued and adequately maintained, would offer a sufficient prospect of fruitful results to justify the establishment of a more permanent bureau or institute. Four of the committee recommended the subject of prices as lying at the threshold of a great many important economic problems, while the fifth recommended a more limited and concrete problem, such as profit sharing. The committee, having been asked merely for advice as to the desirability of an agency for research and the best way of demonstrating both the need and the way of meeting it, did not feel called upon, and indeed were not asked, to make any research themselves. Consequently, there was no occasion for the committee to do more than hold two meetings and to confer among themselves by correspondence in formulating the report which was submitted under date of Aug. 4, 1914. The report came up for consideration at the stated meeting of the Rockefeller Foundation on Oct. 21, 1914. After a discussion in which the advantages of a separate organization for economic research and the possible objections thereto were considered at length, the opinion prevailed that no action should be taken at present, especially in view of the fact that since the question of establishing an institute for economic research had been under consideration, an investigation of industrial relations had been instituted under the direction of W. L. Mackenzie King.

(b.) It will be apparent from the answer to part (a) of this question that no written plans or reports had been rendered at the time referred to in part (b) of this question.

Industrial Inquiry Begun.

QUESTION NO. 17.

(a.) Regarding your answer to our question twenty-one, when did Mr. King actually begin his work?

(b.) Have questions formulated by Mr. King yet been submitted to the Foundation or its Executive Committee?

(c.) Does your statement that the question of a time limit has been left to Mr. King to decide, mean that the Foundation does not yet know in outline, or specifically, the questions to be asked by Mr. King?

ANSWER.

(a.) October 1, 1914.

(b.) This is answered by the answer to Question 8.

(c.) This also is best answered by the answer to Question 8.

QUESTION NO. 18.

(a.) What procedure is followed when engaging investigators to assist Mr. King?

e. g. Does Mr. King employ directly without describing qualifications to the Foundation?

(b.) Have minimum experience qualifications been formulated by the Foundation?

(c.) If there are certain questions asked regarding all who are considered for investigators, may we see copies of questions which call for evidence of special ability to conduct investigations in this field?

ANSWER.

(a) This question is perhaps best answered by referring to the procedure adopted in the appointment of Dr. Foerster. Mr. King made his own selection of the person whom he desired to have prepare the bibliography, and after estimating the time and assistance required for the work, made his recommendation, with reasons therefor, to the Secretary of the Executive Committee, who submitted Mr. King's recommendation to the Committee for approval.

(b.) No.

(c.) There are no such questions. These questions are perhaps best answered by the answer to Question 8.

QUESTION NO. 19.

Will it be possible to secure in time for the hearings, if not in advance, a statement showing how it is planned to draw upon world experience in adjusting industrial relations, and what steps have been already taken to study the experience of other countries?

ANSWER.

As intimated in the answer to Question No. 20 of the first Questionnaire and Question No. 5 of this Questionnaire, plans of a formal nature have not been prepared by Mr. King, who intends to proceed along such lines of inquiry in any part of the world as may from time to time appear to offer the greatest promise of practical results.

QUESTION NO. 20.

(a) How many meetings of the Foundation have been held since its establishment?

(b) How many meetings have been attended by each of its members?

ANSWER.

(a) There have been eight meetings of the Foundation and twenty meetings of the Executive Committee.

(b) The attendance of individual members is recorded in Exhibit "B." (See Page 54.)

Only Three Members Paid.

QUESTION NO. 21.

What, if any, members or officers of the Foundation receive compensation from the Foundation?

ANSWER.

The Secretary, the Treasurer, and the Assistant Treasurer.

QUESTION NO. 22.

If the annual report is to be ready for the annual meeting of the Foundation on the Wednesday preceding the fourth Thursday in January, will it be possible to submit to this commission by Jan. 18, or earlier, a copy of this annual report?

ANSWER.

A draft of the annual report is now being prepared for submission to the annual meeting of the Foundation, but is subject to modification by this meeting. Upon its adoption the Foundation will be happy to forward a copy to the commission.

QUESTION NO. 23.

Who are the Nominating Committee?

ANSWER.

Harry Pratt Judson, Frederick T. Gates, and Starr J. Murphy.

QUESTION NO. 24.

Can you easily place in our hands three copies of the two chapters of Mr. Rockefeller's autobiography which have to do with principles underlying the Foundation established by Mr. Rockefeller?

ANSWER.

Three copies of the book referred to are herewith presented to the commission. (Exhibit "C." See Page 55, et seq.)

QUESTION NO. 25.

Regarding the various applications for national and State charters for the Rockefeller Foundation, will you send us:

(a.) Copies of the various successive applications and amendments?

(b.) Memoranda explaining the purpose of the proposed Foundation, as submitted to the Committee of Congress?

(c.) Such publicity matter as was issued in the interest of the Foundation, suggesting the purposes it would serve, methods it would use, &c.?

ANSWER.

The following material, consisting largely of file copies, is open to inspection at the office of the Foundation.

(a.) The various drafts of bills and committee reports in connection with the application of the Rockefeller Foundation for a Federal Charter. (See Page 96, et seq.)

(b.) and (c.) Information and statements given publicly in connection with the application for a Federal Charter. (See Page 87, et seq.)

QUESTION NO. 26.

Please furnish copies of any bulletin, statements or notices issued to the press by the Foundation.

ANSWER.

A complete list of statements issued to the press is furnished herewith. (See Exhibit "D," Page 73, et seq.)

Millers' Profit Sharing.

S. Thruston Ballard, of Ballard & Ballard, millers of Louisville, Ky., one of the members of the Federal Commission on Industrial Relations, told yesterday of the experience of his firm with profit sharing.

One-third of the net profits of the firm are divided every Christmas among the employes according to their regular rate of pay. This has been done for twelve or fourteen years. Last year was not a particularly profitable one, but each employe got about two and one-half times his weekly wage. The firm also distributes turkeys to its employes at Christmas time, and Mr. Ballard said that even the watchman on the neighboring railroad crossing seemed to consider himself attached to the staff at Christmas time.

ROCKEFELLER, JR., WARY AND BLAND

Cross-Questioned for Five Hours, He Avoids Traps of Industrial Commission.

11/26/15

AMUSED BY SOME QUERIES

Not He, as Director, but Management Is Responsible for Colorado Labor Policy.

SCORES ON WITNESS TWICE

Walsh Makes Him Admit He Has Failed to Inspect Properties—Quotes Letter on Strike.

For five hours John D. Rockefeller, Jr., occupied the stand before the Federal Commission on Industrial Relations in the City Hall yesterday. The audience, which filled every corner of the Council Chamber, was in large part frankly hostile, and the questions were designed to fasten upon him and his father responsibility for the conditions which had led to the strike riots of the Colorado miners. But the witness consistently maintained the attitude which he had expressed at the beginning of the session in a formal statement.

As a stockholder, his father was responsible practically for only the election of the Directors. As a Director, he was himself responsible for the choice of the executive officers of the Colorado Fuel and Iron Company and for its general policies, especially the financial matters. But as for the handling of the labor, that was a question directly for the executive officials, and on these matters the Directors could do little but endeavor to influence the active managers.

$24,000,000 in Colorado.

So Mr. Rockefeller showed that in mere book value his father so far had lost nearly $5,000,000 of $24,000,000 he had put into the Colorado company, and that when the returns his investment had earned were reckoned, they would be found to be about 3½ per cent. less than he could have obtained by leaving his money in a savings bank. As for the financial policy the witness had supported, so much money had been turned back into the property in building it up and increasing the wages of the workmen, that Mr. Rockefeller was afraid the Directors might have been a little unjust to the minority stockholders.

Mr. Rockefeller in his preliminary statement cheerfully granted to labor the right to organize, but felt that as a mere Director of the Fuel and Iron Company he could not go into the details of its conditions in Colorado. Pressed by Chairman Walsh to say how he knew about the way the miners were treated, Mr. Rockefeller pointed to correspondence which passed between the Directors in New York and Denver as proof of the interest he always had taken in the men, and of the way in which he had tried to swing his influence.

The witness declined throughout to express himself on large questions of social policy on the ground that he had neither the knowledge nor the time to solve them. Of actual facts about Colorado conditions he would give no opinion on the ground of unfamiliarity.

Indirect and Good-Humored.

As the session progressed Chairman Walsh's questioning became more direct, but Mr. Rockefeller never wavered from his entire self-possession and courteous humor. When he read his long preliminary statement he gave just sufficient emphasis to make his points, and his clear, self-contained enunciation showed not a trace of nervousness. As he replied to his examination he never permitted himself to be hurried into an answer that might not state his position correctly. Rarely did he reply directly, and rarely did he accept the Chairman's statement of a question as accurate. Nearly always he restated the proposition to suit himself, but without any hesitation or hunting for words.

At times, too, a trace of humor stole into the answers. Chairman Walsh was deadly serious throughout, but the witness could not repress the vestige of a smile when he was asked to give offhand a list of the corporations in which the Rockefeller interests had substantial holdings, or when he remarked that he unfortunately had at times for long periods together to work seven days a week.

Mr. Rockefeller was well guarded. Not only did he go to the City Hall attended by one or two men, but the Police Department sent uniformed men and a dozen detectives to be sure that nothing untoward happened at the hearing. Lieut. William Kennel, the Mayor's own bodyguard, for example, transferred his services from the Mayor's office to the Council Chamber, and a close watch was kept on its ante-room as soon as Mr. Rockefeller had arrived.

Greeted by Mother Jones.

It was known that many of the I. W. W. and advanced Socialists were in the audience, and it was believed that some of the Colorado strikers, who wish to testify, were attending, but no one interrupted the testimony. Once there was a general laugh, but Chairman Walsh spoke about it so sternly that it was not repeated.

Mother Jones, the Colorado agitator, was waiting for Mr. Rockefeller at the end of the afternoon hearing. As he went down the circular stairway of the City Hall, with guards before and behind him, she stopped him and introduced herself.

"We ought to be working together," Mr. Rockefeller said to her as he shook hands.

"Come out to Colorado with me, and I'll show you what we can do," she replied.

Mr. Rockefeller laughed and walked on, and Mother Jones explained to the group about her that she realized there was a good deal to be said from the employer's point of view and she quite sympathized with the young man.

All the Commissioners were in their places when Mr. Rockefeller took the stand. Asked by Chairman Walsh to describe his business, he said it was hard to define. He spent a good deal of time in directing the foundations established by his father and in looking after investments. Then he asked that the questions answered by the Rockefeller Foundation and published yesterday be included in the record, and said that he had prepared a statement for himself.

Mr. Rockefeller's Statement.

Mr. Rockefeller's complete statement follows:

New York, Jan. 25.

The commission has asked my views as to what extent the stockholders and Directors of a coporation are responsible for the labor conditions which exist in it and for the social conditions which are produced; how generally and in what manner such responsibilities are assumed by stockholders and Directors; and in actual practice how, and upon what general basis, the labor policies of large corporations are determined.

The responsibility of stockholders is practically limited to the election of Directors. They have no power to elect officers, to employ labor, to make contracts or to intervene directly in the management of the business. A large stockholder, however, is able to exercise considerable moral influence over the Directors and officers and is responsible for exercising that influence properly.

The Directors are responsible for the general conduct of the business; they have the power to elect officers and to determine the policies of the business. All large business has to be organized. The responsibility has to be divided and vested in various officers, and the officers have to be given powers commensurate with their responsibilities. These responsibilities are in general divided in such a way that the Directors attend principally to the financial affairs of the corporation, leaving the actual conduct of operations to the officers.

Labor conditions, so far as they are within the control of a corporation, are matters for which the officers of the corporation are primarily responsible and with which they, by reason of their experience and their first-hand acquaintance with the facts, are best qualified to deal.

Not Directors' Work.

Labor policies are initiated and determined by the officers, whose efficiency is largely measured by the harmony and good will which they are able to maintain between the company and its employes. It is not customary to submit labor policies to a board of Directors for action. Conference regarding them is often had with the Directors or Executive Committee at the instance of the officers and suggestions are made to the latter by both these bodies. A business to be successful must not only provide to labor remunerative employment under proper working conditions, but it must also render useful service to the community and earn a fair return on the money invested. The adoption of any policy toward labor, however favorable it may seem, which results in the bankruptcy of the corporation and the discontinuance of its work, is as injurious to labor which is thrown out of employment as it is to the public which loses the services of the enterprise, and to the stockholders whose capital is impaired.

Social conditions surrounding an industry and the many factors other than labor conditions. The responsibility of a corporation located in a thickly settled and highly organized community depends upon the relative importance of the corporation to the other factors in the community. Where the activities of a corporation are carried on in new and undeveloped sections of the country, social conditions are largely influenced by the attitude of the corporation and its officers, and the corporation is required to provide for many things which in a more settled community would be taken care of by the community as a whole.

Since these questions have a special significance in so far as I am concerned, because of events in Colorado, I feel that I owe it to the commission to make a statement in reference thereto which will help to further answer the questions asked.

Any one who has followed the controversy which has arisen out of the Colorado situation will have observed that no effort has been spared to make it appear that I have attempted to exercise a kind of absolutism over the coal industry in Colorado and particularly that I have sought to dictate a policy of non-recognition of unions. An attitude toward industry and toward labor such as is here implied is so abhorrent to me personally and so contrary to the spirit of my whole life and training that I cannot allow these allegations to pass unnoticed without at least outlining my responsibilities as I have viewed them, and my obligations as I have sought to discharge them.

His Attitude Toward Unions.

While it has been said that I have exercised an absolute authority in dictating to the management of the Colorado Fuel & Iron Company, it has also been said that I have been too indifferent, and that as a Director I should have exercised more authority. Clearly, both cannot be true.

What are the facts?

First, with reference to my attitude toward labor unions: I believe it to be just as proper and advantageous for labor to associate itself into organized groups for the advancement of its legitimate interests, as for capital to combine for the same object. Such associations of labor manifest themselves in promoting collective bargaining, in an effort to secure better working and living conditions, in providing machinery whereby grievances may easily and without prejudice to the individual be taken up with the management. Sometimes they provide benefit features, others they seek to increase wages, but whatever their specific purpose, so long as it is to promote the well-being of the employes, having always due regard for the just interests of the employer and the public, leaving every worker free to associate himself with such group or to work independently, as he may choose, I favor them most heartily.

Combinations of capital are sometimes conducted in an unworthy manner, contrary to law and in disregard of the interest both of labor and the public. Such combinations cannot be too strongly condemned nor too vigorously dealt with. Although combinations of this kind are the exception, such publicity is generally given to their unsocial acts that all combinations of capital, however rightly managed or broadly beneficent, are thereby brought under suspicion.

Likewise, it sometimes happens that combinations of labor are conducted without due regard for the rights of the employer or the public, and methods and practices adopted which, because unworthy or unlawful, are deserving of public censure. Such organizations of labor bring discredit and suspicion upon other organizations which are legitimate and useful, just as is the case with improper combinations of capital, and they should be similarly dealt with. I should be the last, however, to allow the occasional failure in the working of the principle of the organization of labor to prejudice me against the principle itself, for in that principle I strongly believe.

In the further development of the organization of labor and of large business, the public interest, as well as the interest of labor and capital alike, will, it seems to me, be best advanced by whatever stimulates every man to do the best work of which he is capable; by a fuller recognition of the common interest of employers and employed, by an earnest effort to dispel distrust and hatred and to promote good-will.

Where Responsibility Lies.

As respects the question of the recognition or non-recognition of labor unions in Colorado, my attitude has been in conformity with the views I have expressed relative to the responsibilities of stockholders, Directors, and managers. The duty of handling or discharging of men and the framing of agreements as respects the same are functions which I have regarded as rightfully belonging to the management, and not to the stockholders or Directors. The Colorado Fuel and Iron Company has been managed on this principle. The decision of the officers with respect to the recognition of the union was reached without any consultation or communication with me, and I had no knowledge of their decision until after the strike had been declared.

The correspondence between myself and the officers of the Colorado Fuel and Iron Company during the strike has been produced before this commission and is now public. If one thing more than another is shown by the letters exchanged, it is that, as respects conditions of employment and to the interest of the company's employes, I have sought to inform myself and have not hesitated to make suggestions looking toward more adequate representation on the part of the employes and participation by them in the determining of matters pertaining to their working conditions. It is not less apparent, however, that I have studiously avoided anything that might afford ground, either to the employes, the management, or the public, for the belief that in any particular I was seeking to dictate a policy or to arbitrarily control any situation.

The only coal property in Colorado in which we are in any way interested is the Colorado Fuel & Iron Company. In addition to this company, there are many other coal mining companies in that State, none of which either we or the Colorado Fuel & Iron Company have any interest whatsoever, and a large number of these companies were involved in the strike. For me to have attempted to dictate a policy or control the situation would have meant an assumption of authority far beyond what the investment which I represent in the Colorado Fuel & Iron Company would have justified, and, if tolerated by the management of that company, would have been resented by the other companies involved in the dispute.

Colorado Profits Small.

Since we first acquired an interest in the Colorado Fuel & Iron Company, in 1902, the company has paid out in wages to its employes over $92,000,000. During the same period, we have received dividends amounting to $371,000 on our investment in the company's capital stock. Therefore, our stock interest in the Colorado Fuel & Iron Company has yielded a return of about two-thirds of one per cent. per annum on an actual cash investment of about $6,000,000. The records will show that we hold, in addition to the stocks above mentioned, a block of bonds, but that our entire investment in the stocks and bonds of the Colorado Fuel & Iron Company has yielded during a period of twelve years, not more than 3½ per cent. per annum. Yet during that time, instead of withdrawing industry, as has been frequently stated, we have supported a policy of development by devoting surplus earnings to improvements, thereby increasing employment, and generally extending the business, rather than paying dividends.

In testifying last year before the Congressional Committee which investigated the Colorado strike, Mr. James Dalrymple, Coal Mine Inspector of the State of Colorado, said:

"I believe it fair to give credit to those operators who have co-operated with this department in making improvements recommended beyond the requirements of the present mining law. In acknowledging the concessions made by them, it must be further added that there is no authority embodied in the law by which these conceded improvements could have been enforced, no matter how essential they were to protect the life and health of the employes. The Colorado Fuel and Iron Company ranks first in making improvements not compulsory or demanded by the law; it complied cheerfully with most of our recommendations."

Doubtless mistakes have been made and conditions are still imperfect. I have no desire to defend any conditions that are justly subject to criticism; I only ask that the responsibility for them be apportioned fairly. The problem now is for all concerned to develop increasingly good will and to improve conditions as far as may be possible. To these end my thoughts and activities have for some time been devoted.

Distressed by Strike.

As to the strike itself, its many distressing features have given me the deepest concern. I frankly confess that I felt there was something fundamentally wrong in a condition of affairs which rendered possible the loss of human lives, engendered hatred and bitterness, and brought suffering and privation upon hundreds of human beings. Without seeking to apportion blame, I determined that in so far as lay within my power I would seek means of avoiding the possibility of similar conflicts arising elsewhere, or in the same industry in the future. It was in this way that I came to recommend to my colleagues in the Rockefeller Foundation the instituting of a series of studies into the fundamental problems arising out of industrial relations, which resulted in securing the services of Mr. Mackenzie King, former Minister of Labor of Canada, to direct the studies.

The correspondence will show that, in addition to having taken steps as early as the beginning of June last to secure Mr. King's services, I also sought and obtained advice with respect to machinery for the prevention and adjustment of industrial differences, to which I invited the consideration of the officers of the Colorado Fuel and Iron Company. In early August I wrote the President of the company, forwarding, with my indorsement, a letter from Mr. King, written in answer to my request, outlining a plan previously discussed to establish:

"A board on which both employers and employes are represented, and before which, at stated times, questions affecting conditions of employment can be discussed and grievances examined."

In reply to this communication the President of the company indicated that measures of the kind I had suggested were in contemplation, but that their adoption while the strike was on would only serve to embarrass their successful introduction. He further indicated that, when the strike was terminated, steps would be taken immediately to secure a closer relation of the company a more direct representation of their views as regards grievances and conditions affecting their employment.

The strike was called off Dec. 10, 1914. On Dec. 16 David Griffiths, formerly State Coal Mine Inspector of Colorado, was appointed an intermediary between the company and its employes, respecting matters of mutual interests.

Notice to the Miners.

On Jan. 5 a notice was posted at all the company's mines inviting the employes at each of the mines to assemble in mass meeting to select by ballot one representative to every 250 employes in each camp, to represent the men at a joint meeting of themselves and the executive officers of the company in Denver, "for the purpose of discussing matters of mutual concern and of considering means of more effective co-operation in maintaining fair and friendly relations."

In the published notice of these meetings, it was stipulated that in order that the men might feel the greatest freedom in making their selection, they should choose their own Chairman and neither Superintendents nor pit bosses should attend.

The notice added: "The person selected to attend the Denver conference shall be the duly accredited representative of the employes, not only at the first joint meeting, but at all subsequent joint meetings and in all matters of co-operation between the company and its employes, until the employes in like meeting shall designate some other person to represent them. It is, therefore, highly important that the employes choose with the utmost care the one of their number in whom they have most confidence."

I have received, from the President of the company, a telegram informing me that this joint conference was held at Denver on the 10th inst., that the meeting had proved most satisfactory to all concerned, and that its spirit had convinced the management that it would lead to more effective co-operation between the company and its employes in the future.

Thus, it will be seen that the company has already taken steps to initiate a plan of representation of its employes. It is my hope and belief that from this will develop some permanent machinery which will insure to the employes of the company, through representatives of their own selection, quick and easy access to the officers, with reference to any grievances, real or assumed, or with reference to wages or other conditions of employment.

In the improvement of industrial conditions in the State of Colorado, which all hope for, I am sure that the friendly co-operation of the commission of which Mr. Seth Low is Chairman, recently appointed by the President of the United States, will be of assistance to all the mining companies of the State. Shortly after this commission was appointed and following conference I had with its invitation, I wrote Mr. Low on Dec. 30th, asking him to assure the President of my desire and purpose to co-operate with the commission which he had appointed.

The Ultimate Object.

In conclusion, Mr. Chairman, quite apart from any particular situation, may I express in utter frankness the views which as an individual and a citizen I hold toward the problems into which your commission has been appointed to inquire? I believe that the ultimate object of all effort in a republic should be the development of the manhood of its citizens; that such manhood can be developed to the fullest degree only under conditions of freedom for the individual, and that industrial enterprises can and should be conducted in accordance with these principles. I believe that a prime consideration in the carrying on of industry should be the well-being of the men and women engaged in it, and that the soundest industrial policy is that which has constantly in mind the welfare of the employes as well as the making of profits, and which, when the necessity arises, subordinates profits to welfare.

In order to live, the wage-earner must sell his labor from day to day. Unless he can do this, the earnings from that day's labor are gone forever. Capital can defer returns temporarily in the expectation of future profits, but labor cannot. If, therefore, fair wages and reasonable living conditions cannot otherwise be provided, dividends must be deferred, or the industry abandoned. I believe that a corporation should be deemed to consist of its stockholders, Directors, officers and employes, and the real interests of all are one, and that neither labor nor capital can permanently prosper unless the just rights of both are conserved.

I further believe that, in matters pertaining to industrial relations, the public, quite as much as the parties engaged in industry, is entitled to confidence and consideration. Industrial relations are essentially human relations, and human relations should be not less the concern of the State as a whole than of individuals engaged in industry. My appreciation of the conditions surrounding wage earners and my sympathy with every endeavor to better these conditions are as strong as those of any man. I believe it to be the duty of every citizen to do all within his power to improve the conditions under which men work and live. I believe that the man rendering the greatest social service who so co-operates in the organization of industry as to afford to the largest number of men the greatest opportunity for self-development, and the enjoyment by every man of those benefits which his own work adds to the wealth of civilization.

If, with the responsibilities I have and the opportunities which I may be able to contribute toward promoting the well-being of my fellowmen, through the lessening of injustice and the alleviation of human suffering, I shall feel that it has been possible to realize the highest purpose of my life.

Can't Remember All Investments.

Mr. Rockefeller, under examination, began by stating that he was a Director in only three companies—the Merchants' Fire Association, the Manhattan Railway Company, and the Colorado Fuel and Iron Company. He had resigned recently from the Delaware, Lackawanna & Western Railroad Company and the American Linseed Company. He smiled slightly as he discouraged the Chairman from pressing for a list of all the corporations in which he and his father and their philanthropies had substantial interests, and Mr. Walsh took refuge by asking what basic industries, such as lumber, oil, and mines, they had invested in.

"The railroads are very numerous," Mr. Rockefeller replied. "There are a number of oil securities. No timber, so far as I remember, and I don't recall any amount of mining shares. The list is rather long and I don't keep it fresh in my memory."

Chairman Walsh wanted the witness to explain what were the Colorado In-

dustrial Company and the Colorado Holding Company. Mr. Rockefeller said he would look them up. They were subsidiaries of the Colorado Fuel and Iron Company, which was the result of an amalgamation of smaller concerns, and they had been useful in work of reorganization.

Chairman Walsh was rather stern as he bade Mr. Rockefeller find out for the commission what the Colorado Industrial Company was and wherein its stock had any value.

Switching to Mr. Rockefeller's conception of the duties of a director, Mr. Walsh asked him what he did on the three boards to which he belonged.

The Mercantile Marine Insurance Company had its monthly meetings, which he attended, said the witness. The Manhattan Railway Company had nothing to do but see that the Interborough lived up to its lease of the elevated lines.

"The financial condition of the Colorado Fuel & Iron Company," Mr. Rockefeller continued, "requires careful attention. Constant thought for months put it on a sound basis. Then the meetings in New York were discontinued, and the directors met only in Denver. Of course, the New York directors cannot attend these, but under the by-laws when there is not a quorum of Western directors the minutes may be sent to the Eastern directors for their signatures."

His Father's Staff.

Next arose the question of the organization of the personal staff of Mr. Rockefeller, Sr. Jerome D. Greene has just resigned from it to devote himself entirely to the work of the Rockefeller Foundation. Ivy Lee was appointed in his place, and Mr. Lee, Starr J. Murphy and John D. Rockefeller, Jr., make up the staff. F. T. Gates has resigned and much to Mr. Rockefeller's regret will not accept a salary, but Mr. Murphy and Mr. Lee are paid.

"I do not receive a salary," added Mr. Rockefeller, with one of his little smiles.

Regarding the manner in which Mr. Lee, who was the assistant to the President of the Pennsylvania Railroad and had been in charge of the publicity work of that system, came to join the Rockefeller forces, the witness said:

"It was quite a simple matter. We felt we were not getting proper representation concerning facts in Colorado. Our policy had been silence and of late years it had begun to seem unwise. The public is entitled to know what is going on. So I decided to find the best man to help us and I was told of Mr. Lee."

Mr. Lee obtained leave from the Pennsylvania Company, and last June he undertook the publicity work for the operators in Colorado, but Mr. Rockefeller carefully explained that he (Mr. Lee) was responsible merely for the method of publication and the accuracy of the facts was the Directors' business. Mr. Walsh wanted to know how this campaign was financed.

"The cost of sending out the information," said Mr. Rockefeller, "was paid by the operators. My father paid Mr Lee $1,000 a month, and I do not know if the operators will reimburse him for any of this."

Mr. Walsh put Mr. Rockefeller through a rigorous cross-examination on the question of Mr. Lee and his activities, but obtained little more information. It was Mr. Lee who had suggested the issue of "bulletins" concerning the strike, and Mr. Rockefeller said he would refer any persons to write to Mr. Lee how to get the publicity in which he was an expert.

Describing the position which Mr. Lee had held since Jan. 1, Mr. Rockefeller threw a light on the workings of the "personal staff." Mr. Lee has stepped into Mr. Greene's position on the board of the Colorado Fuel and Iron Company and the Western Union Telegraph Company as Mr. Rockefeller, Sr.'s, representative, with qualifying stock transferred to his name.

"He has no official connection with the Rockefeller Foundation, but our office staff is a sort of family affair. We talk over all sorts of things of common interest, and he can exert just such an influence over the Foundation as any competent disinterested individual with whom we might confer."

Investigation Trips Given Up.

Chairman Walsh took up the personnel of the Rockefeller Foundation Board and showed that there were three links between that and the directorate of the Colorado Fuel and Iron Company—Mr. Rockefeller himself, Jerome D. Greene, and Starr J. Murphy.

"As a Director, what information have you as to Colorado labor conditions?" asked Mr. Walsh.

"I have never known a Director who received such information," replied the witness. "I do not. As far as possible I visit the plants and learn about their conditions affecting labor."

Mr. Walsh jumped at this and made Mr. Rockefeller confess he had not found it possible to do any such visiting in 1913 and 1914, although he suggested that he might have performed his duty as a Director of the Manhattan Railroad Company in some sort by occasional rides on the elevated.

"Have you ever been to the Colorado mines?" demanded Mr. Walsh.

"Yes, several times in the earlier days. I went about extensively in those days, but I have not visited Colorado in the last ten years."

"Have you had any formal reports on labor conditions in these ten years?"

"There has been no formal reports, but much correspondence. That is the way we get our information."

Mr. Walsh asked for all correspondence in 1913 and 1914.

After the luncheon adjournment, Mr. Rockefeller presented a statement of his father's interest in the Colorado Fuel and Iron Company, which totaled $34,190,818 in cash twelve years ago for stock, the market value of which today was $19,200,189, showing a loss of $4,990,629. In addition he had $7,000,000 of the 6 per cent. general mortgage bonds and $14,450,000 of the Colorado Industrial Company's 5 per cent. bonds. He did not recall that there ever had been a default on the bond interest.

Mr. Walsh aimed at bringing home the responsibility for labor conditions. Mr. Rockefeller thought there could not be any in small investments which might be made today, but parted with next year. He admitted owning 40 per cent. of the Fuel Company's stock.

"Then you have control," said Mr. Walsh.

"Not the stock control."

"But practically the absolute control, the power to select officers."

Never Tried to Dictate.

"I have never tried to dictate," said Mr. Rockefeller, again with his gentle smile. "I presume if the stockholders were convinced of the wisdom of a policy the fact that we favored it would not make it more difficult to carry it."

"Do you know that the Fuel Company, the Victor American and the Rocky Mountain Coal Company own 66 per cent. of the mining properties of the State?" asked Mr. Walsh.

"If I have seen that statement, it has not remained in my mind."

"If you have potential control of a corporation, would you not inquire concerning the labor conditions?"

Mr. Rockefeller took refuge in a long explanation. Potential control was a very nebulous condition to talk about. When the Rockefeller Foundation made investments of from $100,000 to $500,000, they were too small to justify going into the management details of the companies, but when his father's investments were large enough to warrant personal representatives on the directorates, then he would consider the labor conditions.

Chairman Walsh, coached by Basil Manley, late of the Labor Bureau of Washington, pressed Mr. Rockefeller hard regarding the Colorado company, and the witness said:

"Our correspondence will show what inquiries into the labor of that company we made. In our official family we discussed it. We didn't take any vote. But as a father with his sons or his associates, we simply decided what should be done to carry on our great enterprise."

"Does your father pass on all investments?" Mr. Walsh asked.

"He gives some one the duty of studying specific investments and takes his opinion. He looks into it and my father expects him to know."

"But it is your father who speaks the word about paying out money?"

"He has control of his own money, but he acts on the advice offered him. When I say control I do not mean managerial control. For some years he has not done that. He takes no responsibility, whatever."

Mr. Walsh wanted to know how much control the Directors of the Colorado company exercised over the labor policy of their executive officials. Mr. Rockefeller said that these questions were left almost entirely to the officials, and that the Directors concerned themselves mainly with financial policies. Thus the officials decided the question of the non-recognition of the union without recourse to the Directors.

Walsh Scores on Witness.

Here Mr. Walsh read a passage from a letter from J. F. Wellborn, President of the Colorado Company, to Mr. Rockefeller, in which he said he had hardly ever felt better and was hardly conscious of the strain of the strike because of the knowledge of Mr. Rockefeller's approval.

A bitter laugh swept through the chamber. Mr. Walsh spoke sharply about the need of perfect order, and Mr. Rockefeller answered without the slightest change of tone, "Do I recall it? I do."

Mr. Walsh, reading from Mr. Rockefeller's own statement, tried to draw him into a discussion of abstract theories of democracy as applied to trade unionism. He met with indifferent success, as Mr. Rockefeller parried the attack by not having his own inability to answer such questions. Thus as the Chairman suggested that Directors should study the "underlying principles of unionism," Mr. Rockefeller answered with the same smooth enunciation:

"It would be very useful to any man interested in his fellow men. I have felt my own lack of knowledge with reference to the Colorado Company for instance. So I have urged on the Rockefeller Foundation to take up these studies. Many subjects, such as economics, I have neither the ability nor the opportunity to study. So I have been forced to turn to those better equipped, like Mr. Mackenzie King."

The witness admitted the abstract rights of the worker and the dangers of autocracy, but added:

"I do not think the owner should be expected to turn over his rights to any one else. He has his responsibilities as well as his rights."

"Have you never made a mistake in choosing an official?"

"I am not infallible. I make mistakes, as any one else."

"Must the workers suffer for your mistakes?"

"No one should be expected to, but as the world is constituted I don't see how it can be avoided."

Mr. Walsh began pressing Mr. Rockefeller hard on the right of men to organize and demanded that he should reply as a citizen. To all questions on specific points dealing with the Colorado situation the witness replied that he had no knowledge and no experience.

"Do you know how many men work twelve hours?"

"I do not," Mr. Rockefeller said.

"Do you think it right for any man to work seven days a week?"

"I should think it a hardship if men worked seven days all the year 'round. Working seven days a week for prolonged periods, I regret to say."

Working Seven Days a Week.

"But seven days a week in a blast furnace?"

"I don't know enough about it to discuss it. I do not want to leave the impression that I favor seven days a week work. It should not consider, even if a man could stand it physically, seven days' work was best for the development of his character."

Mr. Walsh produced a long list of awards for injuries and tried to get Mr. Rockefeller to admit that these awards were the result merely of benevolence. The witness avoided that trap, and said he could not tell whether $700 was as much as ever was paid for a death benefit. He seemed to feel on surer ground as Mr. Walsh led on by Mr. Manley, asked him if workmen were allowed by the Colorado company to buy their own homes.

"If they want to purchase a home in an isolated camp among the mountain fastnesses I suppose they can, but it is not likely they would do so, considering what would happen if the mine were worked out."

"Have you heard that the corruption in Colorado politics is due to the Colorado Fuel and Iron Company?"

"I have heard such a statement of every State and every big corporation."

"Don't you think it the duty of Directors to investigate the rumor?"

"We have no reason to believe it well founded."

"Would you vote to discharge an officer found guilty of it?"

"I should be very much opposed to such practices, but he might be a subordinate not directly under the board."

"What about the action of officials in choosing candidates?"

"They have their duty as citizens as much as any one else."

Mr. Rockefeller said he knew nothing of activities of Jesse North, counsel for the company, in selecting State officials. He was at his ease again in explaining how in a wild community the company was forced to supply schools and stores for the men, but was shocked when Mr. Walsh suggested the company also supplied saloons.

"Well," said the Chairman, "if the company owns all the ground, sets up a $200 or $300 building, and charges $125 a month for it as a saloon, may I not say the company provides the saloon?"

"I don't see what the amount of the rent has to do with the question," said Mr. Rockefeller. "The saloon question has given us much consideration. It is difficult to change the customs of men. We looked with much interest on clubhouses, where they could drink or not, as they liked. Drinking has been discouraged and intoxication done away with as much as possible."

Mr. Walsh showed that over these saloons were big halls, considerations were held all the meetings of the men, and even religious services. Mr. Rockefeller could explain it only by saying that nowhere else would there be room for such gatherings.

Mr. Rockefeller will resume the stand at 10 o'clock this morning.

N. Y. Times

NEW YORK, TUESDAY, JAN. 26, 1915.

MR. ROCKEFELLER'S TESTIMONY.

Mr. ROCKEFELLER testified yesterday that the corporation with which he is connected has spent $92,000,000 in wages while it was paying dividends of $371,000. It is further on record that the corporation is now employing approximately the same number of men as before the strike, and there are no expressions of discontent. An employer like that may be guilty of many things, but cannot be regarded as an enemy of labor until malice is shown. Neither malice nor even temper is shown in Mr. ROCKEFELLER'S testimony. His mind is as calm as becomes a man placed by his conditions above the compulsion of necessity to take any stand contrary to his preference, and therefore free to act according to his idea of duty as a citizen and man. More is expected of any one in such a position than of a labor leader or an investor not free to make a choice of policies according to dictates of better judgment. His testimony is but half the facts. The representatives of the union remain to be heard, and the decision upon the merits cannot previously be given. At present it is only possible to speak of Mr. ROCKEFELLER'S testimony.

He is in favor of the same freedom and the same restrictions for both labor and capital. He is not opposed to collective bargaining, nor even to bargaining with unions. He is for the "freedom of the individual" of both classes, and for the judgment of individuals and organizations of both classes according to conduct and character. He esteems it the greatest social service to co-operate in the organization of industry "so as to afford "the largest number of men the great-"est opportunity for self-development "and the enjoyment by every man of "those benefits which his own work "adds to the wealth of civilization." That is good American doctrine. It is the old freedom for all, not the new humanity which confines its benevolence to the limited few, enforcing rule by terrors such as Governments do not dare to inflict and could not survive inflicting. It is impossible to imagine the substitution of unionism for government, even if the motives and objects of unionism are such as unionists profess. Unions are successful only in proportion as they are monopolies. Yet when they become a complete, all-embracing organization they can offer no inducement for membership unless they are to discriminate among their members. Against this idea of privilege for unionists stands the Rockefeller idea of equal opportunity for all.

This is not prejudging the unions upon the testimony of their opponent. The first question asked by the inquisitors of the Rockefeller Foundation was whether it would produce a copy of its constitution and by-laws. It was a singular question, first, because those documents are matters already of public record, and, second, because it was not to be expected that such documents would profess wicked objects. But if the same question is asked of the unions they cannot stand the same test. The basis of unionism is the restriction of its benefits to limited numbers of those eligible for membership. The methods by which alone such benefits can be secured for division among the favored few are such as the law has condemned. Trades unions fail when tested by the Rockefeller standard, and society can endure no lower standard. There is no humanity in allowing a man to sell himself to slavery, even though practiced in the name of humanity. For government to protect such unions as those in Colorado is to abdicate its functions. For government to fail to protect those willing to work is to put itself in the position of denying that society is to be served. There could be no better time for having these truths brought into relief by contrast of the professions and practices of unionists and capitalists alike. Neither is entitled to anything which it does not earn and deserve. So far as either falls below the standards and the needs of society they should receive merited condemnation. The Industrial Commission itself is on trial as well as the capitalists and the unions, and it needs to walk warily.

N. Y. Post

Just what are the duties of the board of directors of a great business corporation? The general impression has come to be that directors are men who receive directions. The theory—and practice—uncovered in the course of the New Haven inquiry was that directors are not supposed to know anything about the finances of their corporation. Then we had the word of Mr. Jacob Schiff and Mr. John D. Rockefeller, jr., that another phase of corporation activity with which directors are supposed not to bother is the question of labor. Before the Industrial Relations Commission both gentlemen have testified that they have made it a practice, in corporations of which they are directors, to leave the management of the force of employees to the executive officers. Early in the controversies over the strike in Colorado Mr. Rockefeller took the position that, having appointed executives of tried ability, the whole duty of the men in control of a corporation consists in standing by their representatives.

It is evident, however, that this conception is breaking down in the hands of the very men who announced it. Mr. Rockefeller does not now disclaim responsibility for the men who work for his corporation. On the contrary, he speaks of far-reaching plans, under competent direction, for bringing labor and capital together in a joint board, vested with a measure of control. In all this, there is agreement with public opinion, which, lately acquired the habit of letting capital badly treated by the executive head of a corporation will not rise in rebellion, and mill machinery mishandled will not plunge a State into civil war. If directors are really to direct, there is no branch of activity to which they can more profitably apply themselves than to the framing of a general policy which shall not place the responsibility for labor crises on the shoulders of executive officers.

ROCKEFELLER AID IS MOTHER JONES

1/27/15

"Easy to Misjudge You," Says Agitator, Who Will Call on Him About Colorado.

FORD'S PLAN NOT FEASIBLE

Capitalist Tells Industrial Commission It Would Be Unfair to Fuel Co. Investors.

DESCRIBES FATHER'S POLICY

Education and Eradication of Misery of Disease His Aims—Strike Violence Akin to Burglary.

John D. Rockefeller, Jr., faced two separate attacks at the hands of the Federal Commission on Industrial Relations yesterday. At the morning session in the Council Chamber of the City Hall he was questioned more searchingly than even on Monday about the strike in Colorado and the action the officials of the Colorado Fuel and Iron Company had taken in connection with it.

Most of the time in the afternoon was given to the immense benefactions which his father has set up, and Chairman Walsh tried to make him admit that in the existence of funds measured by the tens of millions in the hands of self-perpetuating trustees lay the germ of much harm to the community.

As Mr. Rockefeller discussed the strike question with the calmness and self-possession that never had left him on the stand, there was interjected one assertion of the point of view of the capitalist. When strikers resorted to violence and to the destruction of property, he suggested, it was impossible to be nice about methods, as it would be to choose one's measures in tackling a burglar.

Father's Gifts of $250,000,000.

Chairman Walsh was at a greater disadvantage in the examination about the benefactions than he was in the discussion of Colorado conditions. He brought up all kinds of possibilities that might arise from the establishment of the great funds, but Mr. Rockefeller was able to reply by an appeal to the character of the men who had been selected as trustees, and he even contended that the very size of the philanthropies, necessarily attracting the public attention, was a safeguard against their misuse. He gave a summary of his father's reasons for setting up the General Education Board, the Rockefeller Institute for Medical Research, and the Rockefeller Fund at a cost of approximately $250,000,000 as the best answer to all the criticisms which had been aimed against them.

The crowd which went to hear Mr. Rockefeller was quite as large yesterday as on Monday, and among them was Mother Jones, the Colorado coal agitator. As soon as Mr. Rockefeller entered, he caught sight of her, and going up to her said:

"I wish you would come to my office and tell me what you know of the Colorado situation."

"Nice of You," Says Mother Jones.

"Well, that's nice of you," replied the aged woman. "I've always said you could never know what those hirelings out there were doing. I liked the way you testified yesterday, and I can see how easy it is to misjudge you."

There was some talk of Mother Jones going to the Standard Oil Building at noon, but it was decided there was not time, and it was better to leave the conference to some other day this week. Vice President Hayes of the United Mine Workers, will be present at the conference.

Mr. Rockefeller also let it be known through Ivy L. Lee, when he returned after luncheon, that he had objected to the guard of detectives, which the police had provided for him, and, once he had got away from the City Hall and the crowds at the hearing at any rate, he did not want to be so officiously looked after.

Commissioner Walsh began his questioning by referring to the Colorado strike of 1903, and asked if men had not been deported from the mining camps and if their constitutional rights had not been taken away. Mr. Rockefeller did not recall anything in detail about that, and the Chairman shifted his attack to the control which it is alleged the Fuel Company exercises over ministers and school teachers in its district.

"Would you discharge an executive official who presumed to dictate what a minister should say?" MJ. Walsh

Control Over a Minister.

"I do not want to evade your questions," answered Mr. Rockefeller, "but in fairness to the official I should want to know the full circumstances before answering such a question. I say unhesitatingly that freedom of speech should be accorded in any instance."

Chairman Walsh quoted a letter written by J. F. Welborn, President of the Colorado Company, to Starr J. Murphy on Oct. 31, 1914, in which it was stated that the minister at Sunrise, Wyo., had been outspoken against the company; that he was Socialistic in his tendencies; that his wife was a Greek, and that the writer proposed to investigate the case. Mr. Welborn was represented as saying that the company had thought of changing the minister, but this had not been done in order not to be unfair to the minister or to do anything which might seem prejudiced on account of the stand he took in the Ludlow outbreak.

Mr. Rockefeller admitted having seen the letter, and that at the Ludlow affair several miners had been killed.

"I should not care," he said, "to express an opinion on the question of the minister until all the facts were before me. As you read the letter I got the impression that several charges were made."

"Yes; that the minister was of Socialistic tendencies and had married a Greek," retorted the Chairman.

Mr. Walsh took up the question of Jeff Farr, Sheriff of Huerfano County, in which the fuel company owned mines. He prefaced this attack by the general question:

"Are you opposed to the use of violence in labor disputes or in any other circumstances?"

"I certainly am."

His View of Strike Violence.

"Do you believe that the duty of the citizen to uphold the law applies also to the Directors of corporations?"

"I certainly do."

"Then do you know," asked Mr. Walsh sternly, "that Jeff Farr on Sept. 1, 1913, before there was a strike, swore in 326 deputies; that he did not know these men personally, and that as far as he could tell they might have been red-handed murderers or criminals? Do you know that these men were not paid by the county, but that Farr was told by Supt. Madison that arms would be supplied to them by the Colorado Fuel and Iron Company, and that payment would be made by the company? If these facts be true, would you consider this a menace to the peace of the community and the republican form of government?"

Mr. Rockefeller objected to such a long question, but added:

"I don't know how I could express an opinion on the measures taken to protect life and property when I was not present, and do not know all the circumstances. Anything that interferes with democratic government I should deplore, but I cannot say whether a situation did not arise that made it necessary to take extraordinary measures to protect life and property. A man may enter my house as a burglar, and I may have to take action to defend my wife and family. Such would be deplorable, but the ordinary methods of preserving peace might be insufficient."

This did not satisfy Mr. Walsh, and he had the question reread. Mr. Rockefeller in response referred to the remote part of the country where the incident occurred, and the impossibility of trusting to ordinary measures to keep the peace.

Mr. Walsh reminded the witness that the deputies were sworn in before the strike started, and that they might have been criminals. To this Mr. Rockefeller retorted:

"Yes, but they might not have been anything of the kind. Moreover, the officers may have thought that danger to life and property was impending, and their first duty was to protect it. So they felt justified in taking emergency steps."

Capital and Politics.

Political activity on the part of the Colorado Fuel and Iron Company was the next point selected, and Mr. Walsh suggested that one of its officials had used money to influence elections, Constitutional Conventions, and the selection of candidates.

"I am entirely against such practices," replied Mr. Rockefeller. "As for an official who used such practices I should, as a Director, want to disassociate him entirely from the corporation. A man who was dishonest in one thing I think might be dishonest in others. I cannot make it too strong how opposed I am to anything destructive of the principles of democratic government."

The witness excused himself from discussing the amount of influence a mine Superintendent might exercise in selecting school trustees, on the ground that he never had had the time to go into the matter. Chairman Walsh retorted with asperity:

"Please describe how you are occupied?"

Mr. Rockefeller spoke of the time the business of the Rockefeller benefactions took up.

"Have you ever thought of delegating such work to others," said Mr. Walsh, "so that you could think of your Colorado employes? I believe you could get reports on Colorado conditions and look over them in a week."

Mr. Walsh referred to the recent testimony of Henry Ford before the commission, which Mr. Rockefeller said he had "skimmed over." After banding several quick questions at the witness, apparently to show that Mr. Rockefeller's information about Colorado was not very exact, the Chairman asked:

"Could not a sociological department such as Mr. Ford established, if it was set up in New York, keep you thoroughly informed concerning your employes?"

"It would be entirely possible," answered Mr. Rockefeller without any show of irritation. "But Mr. Ford showed that he was making many millions of dollars, and so he could develop such a department with entire justice to his stockholders. But I think you will agree in the case of the Colorado Company, where the common stockholders have had no returns for many years, it would not be fair to undertake sociological work."

Might Close Up Entirely.

"Don't you think that if you cannot look after the workers properly it might be better to close entirely?"

"It might come to that," said Mr. Rockefeller placidly.

Mr. Walsh seemed to think he had pressed the argument too far.

"My question was," he said, "if the industry goes on should you not undertake this sociological work?"

"Why, certainly. We are trying to do it," said Mr. Rockefeller, quietly but firmly. "The alternative might be to abandon these sociological attempts altogether, but I prefer to try to do them imperfectly rather than not at all."

Mr. Walsh elicited that Mr. Rockefeller had only looked through the evidence taken by the Congressional investigation of the Colorado situation, as it was so voluminous, and that he merely had glanced at the headlines of the New York newspapers on the strike.

"What newspapers do you read?" asked Mr. Walsh.

Mr. Rockefeller looked over at the crowd of reporters in the well beneath the witness table and said with a smile:

"It would be embarassing to answer in the presence of this fraternity."

"Those gentlemen do not matter," replied Mr. Walsh.

"I read THE TIMES in the morning," said Mr. Rockefeller, "and The Sun and Post in the evening."

"Do you believe a company should maintain a blacklist?" asked the Chairman.

"Please define a blacklist."

"It is a list of men considered by the company as undesirables and it is kept open for the inspection of other companies."

"I have no knowledge of such a list. I think every company should take steps to prevent undesirables being employed, but I do not think it should be shown to other companies."

"Can the employers be trusted to guard the rights and interests of the employe?"

The witness replied indirectly that it would be highly desirable if the workers had a participation in directing such matters. Mr. Walsh asked the question four times, and at last had to be satisfied with the reply that Mr. Rockefeller had not given enough thought to the question to be more definite. After luncheon Mr. Rockefeller said his attention had been called to this question, and he wished to say he had failed to grasp it, and was now willing to say that, of course, it was impossible to trust employes implicitly in such matters.

Upholds Non-Union Rights.

After several other matters had been briefly dealt with Mr. Walsh said:

"At Washington you testified that you took a profound interest in labor matters and would fight for the open camp as a great principle. Why did you take so determined a stand?"

"That testimony has been construed as a declaration on my part of warfare on the unions. It is not fair to take it as such. The principle we were resisting was that our company should discharge all the non-union men, while we believe that every man under the Constitution has the right to choose whether he should belong to a union or not. My testimony was in no way a declaration of antagonism to unionism."

Mr. Rockefeller a little later said he would be glad to get some suggestions from the commission.

"Do you depend on outside Governmental suggestions for questions?" asked Mr. Walsh, sarcastically.

"No, but we shall be glad of your assistance," answered Mr. Rockefeller, quietly.

At the afternoon session there was read a long letter to Mr. Rockefeller from Mackenzie King last August, in which Mr. King expressed the opinion that times were likely to be so bad that the unions would no longer bother about recognition simply for the sake of recognition, but would be glad to work with companies big enough to keep up the standard of wages as they were at present. It was shown that in the last twelve years Mr. Rockefeller, Sr., had received, in addition to the $376,000 on his stock investment, $9,260,000 interest on his Standard Oil bonds. In that period the 15,000 employes had received $92,000,000 in wages.

"Would you consider it just," asked Mr. Walsh, "that the 15,000 employes, some of whom had been crippled at the mines, should receive ten times as much as the man who had never visited the property?"

"I can't see the connection," said the witness. "Capital must get its return, and two-thirds of 1 per cent. on the capital investment is utterly inadequate to attract it when it might go into a savings bank."

Mr. Walsh turned to the Rockefeller benefactions, the Rockefeller Fund, the General Education Board, and the Rockefeller Medical Institute. Asked to give the total amount of his father's public appropriations the witness said:

"Not accurately as a statement, but it would approximate $250,000,000; $100,000,000 to the Rockefeller Foundation, $34,000,000 now in the hands of the General Education Board, besides larger gifts under the board of which my father has reserved the right to designate the destination, as to the University of Chicago and the Rockefeller Institute.

Describes His Father's Views.

"Then there are the gifts outside of the Foundation, such as $10,000,000 to the Institute for Medical Research, which does not include $2,250,000 not yet paid to it. The University of Chicago has received between $33,000,000 and $34,000,000."

"Do you not think that your father would have done more for the public interest if he had given the money to workers in industries?"

The question drew from Mr. Rockefeller a defense of his father's policy:

"I think my father held that one of the best forms of giving was the building up of productive industries. But other things could best be done by giving to such things as education. To a small extent these great foundations have been intended to carry on my father's private philanthropies. As his ability to contribute toward education increased we thought it desirable to crystallize in one organization the several activities he had carried on himself.

"First came the General Education Board. Up to that time my father had given to education, guided by the studies and inquiries of his associates. He thought it better not to confine himself to one group necessarily small, and so he set up the board, and, as the personnel shows, tried to bring in as broad, intelligent and representative a group as he could get together.

"Then my father had the growing impression that the great cause of human misery was disease, and if he could find any way to contribute toward information that might prevent or eradicate disease he would be making a real, permanent contribution to the world at large. So the idea of medical research came to his mind. Frequently it is so unproductive and costly that it does not recommend itself to philanthropists. He began quietly and modestly with a gift of $300,000, and got the most competent men to investigate, to study disease in various laboratories. There was at first no separate plant, no endowment. He made no suggestion how the work should be done, but always got the best men for it.

"This gift was enough to develop men of special ability, and the question as to where the institute should be was not decided by my father, but was left to a board of special experts created for the purpose. Now we have a laboratory and a hospital, and contemplate additional laboratories. The study has been along special lines, and we have been successful in reducing the average death toll in cerebro-meningitis from 75 per cent. to 25 per cent. That is to say, in 600 cases, 300 owe their lives to the institute. The remedy has been used in different parts of the world and has been turned over to the public for public use.

For Succeeding Generations.

"The Rockefeller Foundation was the most recently organized in order that various kinds of altruistic endeavors might continue to receive attention from the persons in charge of the fund. Its organization was purposely made broad, because my father thinks that each generation can best tell what are its specific needs, and the man who tries to prophesy in advance is not likely to do as much good as he who leaves it to each generation to act to the best advantage."

Mr. Rockefeller described how an attempt was made to get the best possible men for the Trustees of the foundations, and how they succeeded in finding men of experience and vision who would come thousands of miles without remuneration to take part in a work for the public good.

"Do you consider such endowments a menace to the cause of industrial progress or education?" Mr. Walsh asked.

"I rather thought," answered Mr. Rockefeller, "that they would be of service to humanity. I never considered it necessary to think they could be a menace. Besides the Legislature could always repeal their charters."

"Should such foundations be compelled to consume their incomes?"

"I should not consider it necessary," the witness replied.

Neither did Mr. Rockefeller see any necessity to have a limitation of the life of such funds as the Chairman suggested for fifty years, although he showed that the Trustees of the Rockefeller Foundation and the General Education Board were at liberty to distribute the money they held.

He denied that the funds of a $100,000,000 corporation could be used to affect the stock market; he saw no value in limiting the salaries of the officials; he explained the exemption of the real estate the foundations occupied simply on the ground of custom; he denied that the General Education Board would ever give money to a college except absolutely, as it would not desire to limit the discretion of the college in its activities.

Finally Mr. Rockefeller denied absolutely that the view of the man who gave the money for these funds would ever reach to men who received them so as to limit free action.

Mr. Rockefeller is to take the stand again this morning at 10 o'clock.

LABOR WINS OVER MR. ROCKEFELLER

12/15

Mother Jones Has Long Conference with Him—Miners' Officers to Call Today.

"AS MAN TO MAN," HE SAYS

Finds Union Men "Clean-Cut Fellows"; Predicts a Better Understanding with Them.

GOING TO MINES HIMSELF

Capitalist Ends Testimony Before Industrial Commission—Possible Danger in Foundation.

John D. Rockefeller, Jr., invited Mother Jones, the Colorado miner agitator, down to his office in the Standard Oil Building yesterday and spent an hour and a half with her talking over the conditions of the miners who work for the Colorado Fuel and Iron Company. Moreover, today he hopes to meet Frank J. Hayes, Edward Doyle, and John R. Lawson, prominent officials of the miners' union "as man to man," as he put it, and go over the same ground with them.

These meetings, which have had no precedent in the history of the Colorado dispute, are the result of the personal touch into which Mr. Rockefeller has come with the champions of the miners at the meetings of the Federal Commission on Industrial Relations.

Mother Jones had seen him for three days face a merciless cross-examination at the hands of the investigators with courtesy, good temper, and poise. As she confessed yesterday, she had entirely changed her opinion of him. He had met her as he passed through the City Hall after the sessions and exchanged a few words with her.

Mother Jones's Visit.

So yesterday, as Mr. Rockefeller was excused from the stand, he asked her if she could come down at once to 26 Broadway and also told the union officials that he hoped today to be able to have a chat with them. Mrs. Jones arrived at the Standard Oil Building about 4:30 o'clock and from then until 6 o'clock sat in Mr. Rockefeller's private office talking over the Colorado conditions with him and Mackenzie King, the investigator on labor conditions for the Rockefeller Foundation.

As she left the conference she was asked what they had been discussing and said in her lively, quick way:

"Oh, we've just been talking over everything for the best interest of the nation and the cause of humanity."

"Did you tell Mr. Rockefeller about Colorado conditions?" she was asked.

"Yes. I just told him a few things, but I've been in jail so long my head's out of gear."

"Well, are you going to Colorado with him?"

"Oh, no," she answered. "We should be mobbed."

As she was hurrying off she turned back and said:

"Misrepresenting Him Terribly."

"I just told Mr. Rockefeller one thing. We have been misrepresenting him terribly, and I as much as anybody else."

Mr. Rockefeller was more disposed to talk about the interview than Mother Jones was. He received reporters in his private office. He seemed to hope that his direct personal contact with the representatives of labor might be the beginning of better things. He spoke of his desire to gather information from every possible source about the grave problems before him and his fellow Directors, and he thought that the frank explanation of the difficulties that beset them which he had made on the stand in the last few days would make the labor men realize that he had a real desire to do all he could to improve conditions.

"Now that the strike is over," he said, "I did not see why I should not meet and have a chat with Mother Jones. So I expect to have a talk with Mr. Hayes, Mr. Doyle, and Mr. Lawson tomorrow. I am very anxious to get all the information I can about Colorado, and I intend to avail myself of this opportunity.

"Mother Jones went over with Mr. King and myself for an hour and a half all the main points in the situation. She told me about the schools and the desire of the miners to choose their own teachers, the company's stores, and the right of the workmen to bring their grievances to one of the higher officials or to a Director without jeopardizing their position.

Fully Agreed in Principle.

"I found myself able to agree with all that she said on these things in principle, although of course it was impossible for me to talk about the actual conditions as they are in Colorado, and what or what not it may be possible for the company to do today. In fact it was not feasible to discuss these matters from the point of view of the Colorado Fuel and Iron Company."

Mr. Rockefeller referred to his testimony before the Industrial Relations Commission, and said, for example, that he fully recognized the right of all men to free speech as long as they did not infringe on the rights of others.

"As for schools," he said, "I cannot understand how it could be imagined that any industrial company would want to run them. It is not in its line at all, but its officials might be forced to take an interest in them and assume a responsibility with regard to them as citizens simply through the force of circumstances."

Mr. Rockefeller spoke very earnestly of his hatred not only of strikes, but of all industrial strife.

"It is inhuman, it is unchristian, it is uneconomic," he said. "Think of the loss of lives first and of the misery that is caused thereby. Then think of the money losses not only to the company, but to the men's union. We see from the war in Europe what a horrible thing all this strife is. Surely we should all work together to find some better way to settle our disputes.

To Meet Them "Man to Man."

"I believe," Mr. Rockefeller went on, "that it will be for the good of everybody if I can have these talks with these union men. I want to meet them as man to man. I want to talk over things with them. I want to find out exactly how they look on things and I want to tell them what my own views are. I am sure we shall understand each other better and our meeting will have an influence for good."

With an apology, Mr. Rockefeller told how Mother Jones had informed him how his own appearance on the witness stand had changed her views of him, and he confessed he had been pleased with the looks of the men of whom until a day or two ago he had only heard as the leaders of the miners in a bitter strife.

"They are as clean-cut fellows as you would wish to see," he said.

Asked as to when he intended to go to Colorado, Mr. Rockefeller said that he could not set a date now, but he hoped that it would be some time before Summer.

"I have been a month," he said, "preparing for this examination, and we have had another long list of questions sent us since it began. It will be necessary to fit in the trip with my other business, but I hope to be able to go West in the next few months, before Summer probably."

ROCKEFELLER ENDS EVIDENCE

Runs Gauntlet of Labor Agitators at City Hall.

When John D. Rockefeller, Jr., appeared yesterday in the Council Chamber of the City Hall to resume his evidence before the Federal Commission on Federal Relations he had to run the gauntlet of the labor agitators who had been listening to his testimony for the previous two days. Mrs. Bella N. Zilberman, who was arrested last Winter in the mourning parade before the Standard Oil Building, shook hands with him, and Mrs. Gertrude Wilde Klein also tried to start a discussion with him.

The capitalist escaped with relief and began to joke with the reporters about their weariness at having to listen to him, while Starr J. Murphy, one of his "personal staff," had a conference with Edward Doyle, secretary of the United Mine Workers of Colorado.

As soon as Chairman Walsh called the session to order he resumed his inquiries about the Rockefeller Foundation and its possible effect in influencing public sentiment in opposition to labor. Was there any danger, he asked Mr. Rockefeller, of these educated at a certain school absorbing the views of the donor of the funds which started the institution?

"If the donor retains a supervision," replied Mr. Rockefeller, "I can see some danger in an institution for higher education; but in the case of elementary schools it would be very remote."

Mr. Walsh wanted to know why the Rockefeller Foundation, after applying for a Federal charter, had got one finally from New York State. He pointed out that the House of Representatives had amended the bill for the charter, restricting the fund to $100,000,000, prohibiting the accumulation of interest, giving the corporation the right to distribute its funds after fifty years, and imposing the obligation to distribute after 100 years, if Congress so ordered. Moreover, the Trustees were to be approved by various public officials and university Presidents. Mr. Walsh particularly wanted to know why these safeguards were omitted from the New York act.

Reason for a State Charter.

The witness said that recourse had been had to the State because Congress adjourned without action on the bill of incorporation, and it seemed hopeless to expect action at Washington. Jerome P. Greene, at the suggestion of Senator Robert F. Wagner, went to Senator Foley and, with the unanimous support of the Republicans and Progressives, the charter was granted in 1913.

Mr. Rockefeller explained that the Foundation people regarded the so-called safeguards as entirely satisfactory if Congress desired them, but did not think they strengthened the measure. As an eleemosynary institution the Foundation could be changed under charter by the Legislature at any time.

Mr. Walsh took up the criticisms which Jacob Gould Schurman, President of Cornell, had passed on the charter originally proposed, as giving power to "do anything and everything it considered proper toward the reform of the American people and of mankind." The Chairman asked whether under it a number of things would be possible. For example, the circulation of a President's message or of a party platform, the dissemination of criticism of a Church or religious body, or the purchase of a chain of stores.

To most of these questions Mr. Rockefeller replied in the negative, but he explained that the scope of the philanthropy was very broad, and it had been thought best not to put up barriers until it was discovered where they would be most effective.

"Could it circulate propaganda for or against the Workmen's Compensation acts?" he was asked.

"I should say not."

"Could it pay for publicity agents?"

Claims Same Right as Unions.

"Yes, I don't see why the Foundation should not have the same legitimate methods of spreading its views as unions or the other organizations you have mentioned," replied Mr. Rockefeller.

"Where would you draw the line, then, as dispenser of money for philanthropy," asked Chairman Walsh, "in your capacity as adviser to your father and as a Colorado Fuel and Iron Company Director?"

"Your question," replied Mr. Rockefeller quietly, "is based on the assumption that a man with one interest cannot be loyal to another. We do not recognize that. There are hundreds and thousands of men in this country who can be trusted to do right. Just because a man has one interest that is no reason why he cannot be fair in another. We must rely on the integrity of men in all relations of life."

Mr. Walsh read Dr. Schurman's praise of the present Directors of the Foundation, in which he spoke of Mr. Rockefeller senior as a "transcendent genius," but doubted the principle of self-perpetuation in the Board of Directors.

"If I had shared Dr. Schurman's fears," answered the witness, "I should not have assented to the charter. I don't think my father could be sure he could continue his influence. Our idea was to leave to each generation the safeguards it deemed advisable."

The witness said he would have no objection to a veto power on the choice of trustees being vested in the Governor, the Chief Justice of the Court of Appeals, and other State officials and the Presidents of Harvard, Yale, Columbia, Johns Hopkins, and Chicago universities. But he doubted its wisdom.

Asked about the income of the Rockefeller Foundation, the witness said it was $5,152,761.51, of which $2,000,000 had been spent as personally directed by his father and the rest according to the orders of the Executive Committee, consists of himself, Charles O. Heydt, his Secretary; Dr. Simon Flexner, Jerome D. Greene, and Starr J. Murphy.

Mr. Rockefeller had no comments to make on the resolution of the National Education Association, viewing with alarm "the efforts of the Carnegie and Rockefeller Foundations to control the public education systems."

Mr. Garretson's Questions.

The witness at that point was turned over to Commissioner Garretson. That Commissioner leaned back in his chair, gazed at the ceiling, and asked:

"When it has been asserted, wrongly or rightly, that there has been a continuous campaign, for instance in Germany from 1848, accentuated since 1870, for the domination by the militarist idea of all channels of the State, church, educational, social, or otherwise, is the apotheosis of the divine mission of Germany to regenerate the world to be considered as connected with the present condition there?"

Mr. Rockefeller said he had heard such a theory advanced and Mr. Garretson tried again:

"Might it be possible that a foundation of the character of that have existed, that with a change of the personnel—and I am applying this absolutely to a condition which may arise after the present generation is gone—that with a personnel devoting the potential power to a domination of the educational, as outlined in the resolution passed by the Education Association, or the spiritual as applied to the endowment of churches or theological universities, to the social as applied by ordinary well-recognized methods of molding public opinion—could a foundation of that character, self-perpetuating in its nature, exercise an influence that would be deadly to liberalism? I go no further than liberalism."

Mr. Rockefeller thought it might be remotely possible, but thought the power of the Legislature was sufficient to safeguard against it.

When Mr. Garretson put it to Mr. Rockefeller that it was impossible for a worker to trust merely to the influence of the men behind him, as noted from his own experience the safeguards that the railroad brotherhoods exacted for their representatives, the witness accepted the point gracefully and said that it would have great weight with him.

Use of Publicity Agent.

"What is a publicity agent?" Mr. Garretson suddenly asked. "Will he tell the truth, the whole truth, or will he try to put across the views of his employers?"

"If a publicity agent would not tell the whole truth," said the witness, "I should not want him near me."

"Do you expect to find one in the regular trade?" asked Mr. Garretson, and the laugh he got for once was not stopped by the Chairman.

Commissioner Lennon brought out the difference between the right of free speech and the right to send men to a mining camp to stir up trouble. Commissioner Weinstock, after referring to the good treatment that the Standard Oil employees on the Pacific coast receive, gave Mr. Rockefeller a chance to explain his father's position toward the Colorado Fuel Company.

"No one raises any question," Mr. Rockefeller said, "as to what any other bondholder received on the money he had loaned. To him is conceded freely the right to buy a yacht or start a foundation with it. But just because my father does not need it to feed or clothe himself they ask why does not he give it back."

In reply to Commissioner O'Connell, Mr. Rockefeller explained that Mackenzie King had received from the Rockefeller Foundation absolute power to investigate the labor question in whatever way seemed best to him, and that there was no intention of dictating methods to him.

"I should think it highly desirable," the witness said to Mr. Lennon, "that the representatives of the men should meet their employers, and I hope when I go to Colorado that I may meet the representatives of the workers."

As Mr. Rockefeller was excused he thanked the commission for its courtesy in listening to him so patiently, and a ripple of applause broke out through the hall. Before it could increase Chairman Walsh had suppressed it.

William H. Allen, late of the Bureau of Municipal Research, took the stand for a few minutes, but gave way almost immediately to Ivy L. Lee, one of the personal staff of Mr. Rockefeller.

Heckled About an Error.

It was Mr. Lee who assisted in the publication of the presentation of the side of the Colorado strike from the operators' viewpoint, and he was put through a merciless cross-examination about it. His own account of this did not differ from that given by Mr. Rockefeller. He was engaged to compile the operators' statement, but would not admit that he had actually written much of the bulletins which were published. He had received $1,000 a month from Mr. Rockefeller senior, and the expenses of publication were paid by the Colorado operators. He would not take any responsibility for the statements in the bulletins, as they were merely such as were provided him by the operators.

Mr. Lee was heckled severely concerning a statement in The Bulletin appearing on Oct. 1 to the effect that Frank J. Hayes received in nine weeks from the miners' union in salary and expenses $5,720.12; that John M. McLenon got $2,683.55 and $1,469.53 expenses; that John R. Lawson got $1,771, and Mother Jones $2,068.62. As a matter of fact these were yearly salaries. Mr. Lee admitted the error, and said he had suggested a correction in a slip to be inserted in The Bulletin then publishing. However, it was not inserted, and the correction did not come out until the January number.

The responsibility for this, Mr. Lee said, must rest with the operators. He will resume his testimony this morning.

THE ROCKEFELLER CORPORATION.

The Industrial Commission asked why the Rockefeller Foundation was incorporated. Presumably it was the opposite of the reason why the American Federation is not incorporated. The written answer for the Rockefeller Foundation was that it was not "consolidated," no specific reason being given for the incorporation. Verbally Mr. ROCKEFELLER testified that incorporation was sought for the usual reasons, to give continuity of existence, and responsibility for all acts performed. Mr. GOMPERS's reason for not incorporating is candor itself, and is substantially the opposite of the Rockefeller Foundation's presumed reasons. To incorporate the Federation would be to make it responsible in damages for such acts as have been proved against it.

The Federation holds a stronger position with the thoughtless if it is able to say that judgments for misconduct are against individual members, rather than against the incorporated union. There would be sympathy, even if mistaken, for the unionists, where none would be possible for the union convicted of misconduct. In that light the reason against incorporation from the Federation's standpoint is a reason for incorporation from a public standpoint. If a combination is capable of spending literally millions in acts offensive to public morality according to the opinion of juries, as is the case of the Federation, then it is clear either that it should be made legally responsible or else that it should not be allowed to have a legal existence. If railways and trusts must be incorporated, why should not the unions, which rival any trust in membership and power, alike for good and for evil?

LAWSON ARRAIGNS ROCKEFELLER FOR ENSLAVING LABOR

1/30/15

Leaving Capitalist, the Miners' Leader Denounces Him Before Industrial Commission.

UNREST LAID TO FOUNDATION

Witness Says Millions Given with "Showy Generosity" Are Withheld from Workers.

SCORNS INQUIRY PROMISES

Treatment of Men as "Human Chattels" and Absenteeism Must End, He Asserts.

DR. ELIOT UPHOLDS UNIONS

Opposes Boycott and Limitation of Output and Defends Philanthropies—Hammond Testifies.

Going almost straight from the office of John D. Rockefeller, Jr., at 26 Broadway, where with Edward L. Doyle he had had a friendly chat with the capitalist over conditions in the mines of Colorado, John R. Lawson, a member of the Executive Board of the United Mine Workers, appeared before the Fedcral Commission on Industrial Affairs yesterday and read a scathing indictment of Mr. Rockefeller and his attitude on the stand before the commission.

Mr. Lawson attacked Mr. Rockefeller for the incidents that marked the great Colorado mining strikes and for his acknowledged ignorance of the actual conditions in the mining fields. He arraigned the oil man for inaction and compared it with the generosity shown to employes by Henry Ford.

Turning to the Rockefeller Foundation, he asserted that one of the causes of industrial discontent was that very philanthropy and the teeling that the millions "spread over the world in showy generosity" were derived from the "money withheld from the wages of the American working class."

Assails Mackenzie King.

The witness scoffed at W. L. Mackenzie King, who has been chosen to undertake the investigation of industrial problems for the Foundation, and declared that the causes of unrest were to be removed not by promises of endless investigations nor by a sudden willingncss to hold conferences, but by the abandonment of the treatment of men as "human chattels" and the correction of the evils of "absentee landlordism."

Under the stern rule which Chairman Walsh has imposed on the meetings of the commission under which even a chance laugh calls for a reproof, it was impossible for this outburst of the representative of the miners to call for any demonstration, but, following the chats Mr. Rockefeller had just had with Mother Jones and the union leaders, it seemed to take away the breath of the audience. Only at the end of the statement was there an apparent suggestion of anything in it but a declaration of renewed war.

As he criticised the new organization which Mr. Rockefeller's company has set to work among its employes, Mr. Lawson went on to say it was impossible that anything could be accomplished by this, except with the co-op eration of the union. He paused to r joice that Mr. Rockefeller had b willing to confer with the workers, and it was thought that the attack was designed in the main to force Mr. Rockefeller's hand and make him progress from "mere social visits" to active recognition of the union.

Dr. Eliot a Witness.

In the earlier part of the day Dr. Charles W. Eliot, President Emeritus of Harvard and a member of the Rockefeller Foundation and General Education Association boards, praised the work of those philanthropies in the highest terms. He expressed himself in favor of trade unions, but condemned utterly the boycott and the limitation of output.

John Hays Hammond also was called. He expressed the view that it would be impossible for a self-respecting, high-class manager to submit to dictation as to his handling of the labor problem by any Board of Directors. When there was a strike the Directors should be expected to look into it, but he never had had a strike, he said, and believed that everything depended on the way the managers handled the men.

"Speaking for the many thousands of men, women, and children who suffered through the recent coal strike in Colorado," began Mr. Lawson after he received permission to read his statement, "I say to your honorable body that you can well afford to let the testimony of John D. Rockefeller, Jr., bring your investigation to an end. Out of his mouth came a reason for every discontent that agitates the laboring class in the United States today, and if remedies are provided for the injustices that he disclosed a long step will be taken away from industrial disturbance."

Vast Power Inherited.

Mr. Lawson pointed out that for ten years Mr. Rockefeller had had virtually the power of life and death over 12,000 men and their families, and that this power had come to him not by "the healthful process of struggle and achievement, but entirely through the fact that he was the son of his father."

The witness recited certain incidents in the strike of 1903-4 in Colorado and said that when so-called peace was restored "the blacklist gave 6,000 miners the choice between starvation and exile."

"The Colorado Fuel and Iron Company organized and led that attack on the liberties of freemen," Mr. Lawson continued, "and yet you heard from Mr. Rockefeller's own lips that he never inquired into the causes of the strike, the conduct of his executives, or the fate of those who lost. So little interest did he take in the affair, so faint was the impression it made upon him, that he could not even answer your questions as to its larger facts."

Mr. Lawson passed to the strike of 1913 and charged that the Colorado Fuel and Iron Company had violated the laws of the State. He quoted the other grievances of the miners concerning evil housing conditions, high rents, company store extortion, saloon environment, armed guards, and the denial of freedom of speech, eduecation, religion, and politics.

"Yet upon the stand," he said, "throughout three whole days this week John D. Rockefeller, Jr., insisted that he was absolutely ignorant of every detail of the strike. He stated that he had received reports on labor conditions. He could not tell within several thousands how many men worked for him in Colorado. He did not know what wages they received or what rent they paid. He had never considered what the proper length of a working day should be. He did not know what constituted a living wage. And, most amazing of all, he had never even read the list of grievances that the strikers filed with the Governor of Colorado and gave to the world through the press.

"He did not know whether or not 50 per cent. of his employes worked twelve hours a day."

Men "Treated Like Criminals."

Mr. Lawson went over a large part of the evidence of Mr. Rockefeller in which the capitalist had been asked in detail about conditions in Colorado and had been obliged to admit that he had no detailed information.

"He did not know," the witness said, "that men were treated like criminals for daring to mention unionism. He could not even define collective bargaining, nor had he ever made the slightest study of the great union or its principles against which the Colorado Fuel and Iron Company threw its power and its millions. He expressed himself in favor of unions and then proceeded to negative this belief by refusing to answer affirmatively a number of questions which touched upon the manner in which unionization could be achieved."

As an excuse for "this amazing lack of knowledge," Mr. Lawson said, Mr. Rockefeller had testified that the Directors had placed the control of such matters entirely in the hands of J. F. Welborn, President, and L. M. Bowers, Secretary of the Colorado Fuel and Iron Company. Yet, Mr. Lawson continued, these very men had said on the stand that they had turned over the charges and petitions to E. H. Weitzel, who for his part had admitted that while he had not visited all the camps "frequently," he had got to them as often as he could.

"What has been Mr. Rockefeller's attitude to this development?" asked Mr. Lawson. "Has he, in spite of his own lack of knowledge, instituted any investigation to discover whether Bowers and Welborn, his trusted executives, are equally ignorant and indifferent? I invite him to point to one single admission that would show the slightest activity in this direction, or the least intent to summon these men before the Board of Directors to give an account of their stewardship. His answer was, 'I have not had the opportunity.'

"Fourteen months thousands of men, women and children suffered on the mountain sides and prairies, and two more months have gone since we called off the strike as a result of President Wilson's proposal, and yet he has not the opportunity for a personal investigation.

Compares Rockefeller with Ford.

Mr. Lawson expressed scorn of Mr. Rockefeller's excuse that he was too busy with his father's foundations and his investments, and drew a contrast between his attitude and that of Henry Ford. The difference pointed out by Mr. Rockefeller between the highly profitable Ford enterprise and the unprofitable Colorado mines still further aroused Mr. Lawson, and he called attention to the $8,880,000 which Mr. Rockefeller, Sr., had received from his fuel company bonds and the appreciation of the property, as answering that line of reasoning.

Moreover, the witness declared, the poverty of the Colorado company was due to its own "stupid corrupt policy," and he thus summarized the situation:

"This record of indifference respecting human life and human happiness is the vital cause of industrial discontent—an employer who is never seen and whose power over us is handed down from man to man until there is a chain that no individual can climb, our lives and our liberties passed over as a birthday gift or by will, our energies and futures capitalized by financiers in distant cities, our conditions of labor held as of little account than dividends, masters too often men who have never seen us, who care nothing for us, and who will not or cannot hear the cry of our despair."

Regarding the Rockefeller Foundation, Mr. Lawson declared that another cause of industrial discontent was the skilful attempt which was being made to substitute philanthropy for justice. It is not their own money, he said, that these lords of commercialized virtue are spending, but the money withheld from the wages of the American workingman. He enumerated the activities of the Rockefeller Foundation, and said:

"A wave of horror swept over me during that reading, and I say to you that same wave is now rushing over the entire working class in the United States. Health for China, a refuge for birds, food for the Belgians, pensions for New York widows, university training for the elect, and never a thought or a dollar for the many thousands of men and women and children who starved in Colorado, for the widows robbed of husbands, children of their fathers, by law-violating conditions in the mines, or for the glaring illiteracy of the coal camps. There are thousands of Mr. Rockefeller's ex-employes in Colorado today who wish to God that they were in Belgium to be fed, or birds to be cared for tenderly."

Attacks Foundation's Work.

Mr. Lawson attacked in particular the industrial investigation begun by the Rockefeller Foundation. With a passing at Dr. Eliot, A. Barton Hepburn, and President Judson as furnishing "an outward appearance of independence," he asserted that the Foundation was under the "same control that has managed the affairs of the Colorado Fuel and Iron Company, the same voice that declared through young Rockefeller that the defeat of the union in Colorado was a great American principle, for which he was willing to sacrifice his money and the wives of his workers."

The witness criticised especially the choice of Mr. King to conduct the investigation, on the ground that he was an "alien, whose contribution to the industrial problem is a law that prescribes a jail sentence for the worker who dares to lay down his tools." He continued:

"Even were the source of the investigation less objectionable, what bearing can it possibly have on existing conditions? Mr. Rockefeller himself admitted that the Mackenzie King investigation will probably take many years. What is labor to do in the meantime? What is Colorado going to do? In response to this Mr. Rockefeller says that 'the problem now is for all concerned to develop increasing good-will.' Labor has been crushed by machine guns and hired soldiery. Men, women, and children have died, homes have been ruined and futures blighted. Now thousands have been imported, under conditions of exploitation. And we are to 'let bygones be bygones.'

"Mr. Rockefeller, senior, is quoted as saying that God must be living in New York. In Colorado there is a suffering multitude that asks only for a little of the spirit of the Christ who died for human brotherhood."

The causes of unrest, Mr. Lawson said, were not to be removed by the endless investigations or by a sudden willingness to hold conferences. He began to attack Mr. Rockefeller's plan by which the men should elect representatives to confer with the company. That, he asserted, was merely the shadow but not the substance. If this plan was to have any good effect it must be backed up by the grant of a union to the men.

Mr. Lawson called attention to the United Mine Workers of America as the one organization which represented labor in the mining industry and to the fact that Mr. Rockefeller agreed in theory at least to the principle of unionism. It was only by official conferences with the executive officers of that organization that he could put in effect his new point of view. So Mr. Lawson said in conclusion:

"Press reports give great publicity to meetings that are alleged to have been arranged between Mr. Rockefeller and the United Mine Workers' officials. Let me say on that subject that our great desire is for lasting industrial peace. We rejoice that after all these years Mr. Rockefeller is at last disposed to consider and confer with the workers his company's officials have despised, ignored, and endeavored to crush.

"We welcome any and every conference, but these meetings should be official and purposeful, not mere social visits designed to give the utterly false impression that industrial war has had no more vital cause than a failure on Mr. Rockefeller's part to shake hands. So far as possible, the procedure must equal, and be as real, as our great wrongs."

It was impossible to reach Mr. Rockefeller that night in an effort to ascertain whether he had anything to say with reference to this attack of Mr. Lawson's. The commission had time only to begin the cross-examination of the witness and will continue this morning.

Dr. Eliot an Alert Witness.

Dr. Eliot was on the stand all of the morning session. Sitting bolt upright with his ruddy face alive with interest in the questions, the dean of American university men spoke strongly and firmly in favor of the Rockefeller Foundation and the work it was doing for education. Although it was difficult at times to catch his answers at any distance from the witness stand, the former head of Harvard showed all his mental alertness in his replies, and with one hand ceaselessly caressing the other he answered swiftly and to the point the most involved question hurled at him.

As a director of both the General Education Board and the Rockefeller Foundation, as well as of the Carnegie Peace Fund, and until lately of the Carnegie Foundation for the Advancement of Teaching, Dr. Eliot replied to Chairman Walsh that he saw no evil in interlocking of the directorates of these institutions. Indeed, he thought it an advantage in that it procured wider experience in the management.

"Do you know of any instances in which these educational boards have influenced the course of education?" asked Mr. Walsh.

"I have in many cases, but the influence has always been for their good. Those seeking gifts have had their efforts steered in the right way."

This led to an account of how Harvard received from Mr. Rockefeller $1,000,000 for its medical college. Starr J. Murphy was instructed to report on its needs, and three weeks later was invited to Mr. Rockefeller's office. There he saw Mr. Rockefeller, Jr., who told him that his estimate was too low and that his father would give the university $1,000,000, if it would raise $875,000 more than it had in hand. Dr. Eliot accepted it and the condition was met.

The General Education Board has put $200,000,000 in American education, he said, and was about to undertake, at the request of the State of Maryland, an investigation of its school system.

Turning to industrial subjects, Mr. Walsh got from Dr. Eliot the opinion that stockholders were not responsible for labor conditions and their attention was drawn to them specifically. Children, he thought, should not be employed before they were fourteen or sixteen years of age, in indoor factory. He was in favor of unions, but he held against them their responsibility for the closed shop, the boycott, and the limitation of output.

Chairman Walsh announced that he had just learned that the Rockefeller Foundation owned 500 bonds of the American Agricultural Chemical Company of Roosevelt, N. J., where there have been the recent fatal labor disputes.

"Do you think that a member of the Foundation, who was also a Director of that company," asked Mr. Walsh, "would be hampered in his investigation for the Foundation of industrial disputes?"

Roosevelt Riots in Question.

"He shouldn't as a member of the Foundation, investigate that particular dispute," replied Dr. Eliot. "I do not see how he would be hampered otherwise."

"How can the Foundation as a bondholder evade the responsibility of the Directors of that corporation?" asked Mr. Garretson.

"Its trustees have absolutely nothing to do with the Directors of a corporation which did a great wrong. It has no control over its management," was the reply.

Asked about the legal responsibility of unions, Dr. Eliot said that he was in favor of the incorporation of unions so that they might be legally responsible before the law. He would hold them thus responsible for unjustifiable strikes, that was, in support of boycotts and sympathetic strikes.

"But I wish to make it evident," he said, "that I have no faith in legal action as a method of establishing permanent peace. We have tried it for twenty-five years and failed. We have had enough war measures and I would penalize both sides when they appealed unjustifiably to war measures."

Asked about the policy supported by the Rev. Dr. J. H. Holmes for the use of the Government as the agency for expending philanthropic funds, Dr. Eliot pointed to Germany as the country which had used the governmental agencies most in this way and its present plight.

"The plan," he said, "does not seem to have done much for the happiness of the public mind in Germany."

When John Hays Hammond took the stand in the afternoon after a long statement, in which he exonerated the stockholders from all but a remote responsibility for labor conditions, and said the Directors could only lay down a general policy.

"As a matter of fact," he said, "no high-class manager would submit to constant dictation by the Directors as to the details of management which are often responsible for the beginning of labor troubles."

At the same time Mr. Hammond said that often local managers were hampered by unreasonable interference from the Directors and sometimes they were themselves unreasonable and arbitrary. The workers also were unreasonable and stirred up by agitators and political demagogues. This was made more likely through the selfishness of corporations that introduced too large a percentage of cheap low grade labor which would work at lower rates than the American worker demanded.

Mr. Hammond ignored the way in which great economic problems were affected by politics, and legislation was, he said, often determined by superficial orators on the political stump in times of a heated campaign rather than by the deliberations of business men in boards of trade."

In the past some great corporations had tried to influence legislation, but now they would be "perfectly satisfied to receive only what is called fair under equitable laws." But unfortunately the pendulum had swung and they were at the mercy of political demagogues.

Speaking of unemployment, Mr. Hammond laid stress on the necessity of seeking foreign trade. Owing to the condition of the domestic markets, he said, factories must be curtailed or foreign markets must be exploited. This needed constructive legislation at home and able commercial diplomacy abroad. Business, Mr. Hammond declared, must be developed on a large scale or we

should be badly impeded. The Sherman law should be enforced so as to remove obstacles to the cheapest production and the railroads should be required to give special rates for articles intended as exports.

For Federal Employment Bureau.

Mr. Hammond had hopes of industrial peace, and thought the day of the unreasonable employer and the labor agitator was waning. He believed in unionism, and could see no irreconcilable conflict between capital and labor. He wanted the employers to take the employes more into their confidence over the troubles of business, and urged the great need of vocational training, as the American worker was losing his former advantage in skill over his foreign competitor. He was in favor of a national employment bureau, and asserted that immigration should be so regulated as to give a chance of employment to every man. So when at rare intervals there was a surplus of labor the Federal Government should provide employment.

That led to a discussion of the immigration problem and Mr. Hammond asserted charity should begin at home and care should be taken to prevent immigration depressing the American standard.

Asked about the restriction of immigration, Mr. Hammond said he thought the test should be applied to the newcomers on the other side of the ocean, but that he was opposed to the literacy test as it would exclude some of the very best citizens.

As for protection, he would not grant its benefits to any manufacturers who it was found had not maintained the standard of the American wage over the European.

Mr. Hammond brushed aside theories of Mr. Brandeis and Dr. Eliot concerning the democracy of labor as the theories of the inexperienced, and said that he believed it was possible for the Directors even of large corporations to put a good deal of the personal touch into their relations with their men.

The witness told the story of a strike which he had settled by discovering that it all came on account of the Italian cook, who gave the men the same dishes day after day. So he drew up a regular menu for the camp, ordered the potatoes to be cooked in a different fashion every day, and all was peace and harmony.

Mr. Hammond defended the policy of selling cheaper abroad than at home. It meant, he said, that the manufacturer could keep up his force here by getting rid of his overplus abroad. It aslo prevented his foreign competitor from developing his industry on a big scale and so getting the benefits of cheaper production.

UNION PRACTICE AND THEORY.

Mr. JOHN R. LAWSON of the Executive Board of the United Mine Workers pointed out to the Industrial Commission the difference between the Ford automobile works and the Colorado Iron and Fuel Company. His intention was to strengthen the position of the United Mine Workers before the public, but he really strengthened the position of the open shop, which is the explanation of the wonders Mr. FORD is able to work. He has testified that he had no difficulty to get men to work, but rather had to hold them back. That is the reason he is able to combine cheap products with high wages.

If the United Mine Workers gave value for their wages there would be no scarcity of product like the present. Users of Ford cars are glad to know that they are the product of well-paid workers. The general public should be told that the Rockefeller company paid higher wages than its competitors, higher in fact than similar labor receives anywhere in the United States outside of Colorado. For this work $1,000 a year is high pay, and was the average in Colorado. In fact, $1,250 has been often earned and paid in Colorado. The maximum earned was $1,850 by each of four brothers. The company was glad to pay them, and consumers of coal were glad to have them well paid. If all would have worked as well there might have been product enough for coal to have been cheapened, and perhaps also for profits, not only for the coal company, but for the railways which carried the coal and for the industries which consumed it. That would be the result if the United Mine Workers worked like open-shop workers, in the manner of the Ford factory.

The quarrel was not over pay primarily, or hardly at all. The first demand, the only one not admitted subject to negotiation, was "recognition of the union." That did not mean negotiation with the union. In the case of the United Mine Workers it meant that members of that union must have first choice of jobs, and that before the men receive their wages deduction must be made of whatever the union says is due to it. There is no such argument about union dues as there is about wages. The dues are paid before the wages. If they are not paid the man loses his job, not by the act of the boss, but of the union. There are other unions which have been decided by juries to be criminal conspiracies, enemies of society, reducers of the product if not robbers of it, but there is no other union in the world which is so immoderate in its demands for a shop run so differently from the Ford factory. Yet the spokesman for the United Mine Workers presumes to draw a comparison to the disadvantage of the Colorado Fuel Company.

Any man can work in the Ford shops who agrees with the shop, but no man can work with any United Mine Worker without agreeing with the union in matters which are contrary to the interest of every worker, even those in the union itself. The reason why this sort of unionism cannot be allowed to exist was stated before the Commission by so good a friend of labor and the nation as President ELIOT. Unionism like that, he said, is war. The Roosevelt Anthracite Commission said it was worse than war. It is time to be understood that there is neither humanity nor even charity in such unionism. There should be no more quarter shown it than it practices itself.

WALSH CLAIMS SUCCESS.

Says Commission Has Achieved Its Main Purpose Here.

Frank Walsh, Chairman of the Industrial Relations Commission, spoke on the work the commission is attempting to do here at the Liberal Club yesterday afternoon.

"Our main purpose," he said, "has already been achieved. It was to bring home to the men most responsible—the employers living here in New York—the horrible conditions in the industries under their control in the Far West. We have let the employers tell just how much or how little they actually knew about the men on their payrolls, and how much or how little interest they took in labor conditions. We have let the workers tell just how bad their plight is from their standpoint, and why it is that they feel a spirit of unrest"

Mr. Walsh said that he was glad to be told he had not a judicial poise "because the worst curse of our civilization is the judicial poise with its constant begging of every question and its avoidance of all problems that are difficult to face." He classed the "trimming politician" and the man of "judicial poise" as a "pair of pests" to be avoided.

Mr. Walsh said B. M. Manly, Director of Public Investigations of the commission, "was responsible for all the good accomplished, since he prepared the questions to be asked witnesses and arranged the order of their appearance."

STRIKE HEADS SEE MR. ROCKEFELLER

Better Understanding Admitted After Mine Union Officials Tell Their Side.

MOTHER JONES'S NEW TACK

Calls Promises "Lip Service" After Warning Telegram from Upton Sinclair.

CUTTING BEFORE INQUIRY

Denies Rockefeller Gift Influenced Actior of Municipal Research Bureau.

John D. Rockefeller, Jr., continued yesterday his policy of seizing the opportunity that the Federal Commission on Industrial Relations has presented for informing himself at first-hand of the views of leaders among Colorado miners. He invited to his office at 26 Broadway Frank J. Hayes, Vice President of the United Mine Workers of America; James Lord, head of the mining department of the American Federation of Labor, and Edward L. Doyle, Secretary Treasurer of district 15 of the United Mine Workers.

They went to Mr. Rockefeller's office in the afternoon and were in conference with him for three hours. William Lyon Mackenzie King, head of the Industrial Relations Division of the Rockefeller Foundation, and Starr J. Murphy, of Mr. Rockefeller's personal staff, also took part in the talk. The discussion, it was understood, was absolutely frank and open and views were expressed freely

"We had a pleasant talk and a frank exchange of views," the miners' officials said as they left Mr. Rockefeller's office. "Don't ask us any leading questions, as we prefer that Mr. Rockefeller should give out whatever seems best to him about the matter. See him."

When Mr. Rockefeller came out with Mr. King and Mr. Murphy, he was not much more communicative. "It was quite unofficial and informal," he said. "They gave me certain facts about conditions in Colorado that I was glad to know about, and we had a general discussion. No new suggestions were made.

"You can understand how much depends on what is being done and how more harm than good might be accomplished by making too much out of it. I hope you won't make this meeting out to be anything else than what it was—an informal, unofficial talk over questions that interest us."

Mother Jones Changes Front.

Meanwhile Mother Jones, who had seen Mr. Rockefeller on Wednesday and had expressed the belief that he seemed a much misunderstood young man, seemed yesterday to have had some searchings of heart. She had received from Upton Sinclair in the morning a telegram reading: "We are sure you will not let yourself be overcome by the sweet odor of the American Beauty rose," and so she gave out a long statement in which she insisted that Mr. Rockefeller must show the country that his new affability toward labor was to be carried out in action. Here is what she said, in part:

"Mr. Rockefeller is a very pleasant young man. He assured me that he is anxious to help the workers in their struggle for a chance to live as free men and women, and we are going to give him every chance in the world to show that he means it.

"Good intentions are all right as paving blocks, but what we want is performance—and we want it now. I don't believe Mr. Rockefeller understands the needs and aspirations of the working people yet. If he did understand, and if he is sincere, he would realize that the new scheme for meeting his men in Colorado is a sham and a fraud.

"He is letting the workers elect one representative at each mine, and these delegates meet with the company officials in Denver. They have no organization behind them. They are absolutely powerless to enforce any just demand. They have no treasury. The operators could put over anything they pleased, and if the men tried to resist by the only means in their power—a strike—they would be starved out in a week.

"Only Lip Service So Far."

"So far Mr. Rockefeller has given only lip service to democracy in industry. His new plan in Colorado masquerades as a basis for collective bargaining. It is the shadow, not the substance. You can't fool my boys. They know that this kind of a scheme is a hypocritical and dishonest practice. I don't believe Mr. Rockefeller understands this, because he says he believes in unions and collective bargaining and democracy in industry."

So Mother Jones urged Mr. Rockefeller to go out to Colorado as quickly as possible to see things for himself and make alterations in a condition, which, she asserted, kept the miners in as bad a position as if they were in Russia and not in America.

When Commissioner Garretson was asked yesterday how Mr. Rockefeller's testimony and behavior on the stand had impressed him, he said he thought both sides would be helped by his examination.

"Mr. Rockefeller," he declared, "is not the kind of man the laboring men thought he was, and I think he found the laboring men different from what he had supposed."

CUTTING DENIES INFLUENCE.

Says Research Bureau Changed Mind Before Rockefeller Gift.

When Ivy L. Lee, who is now one of the personal staff of John D. Rockefeller, and carried on the publicity campaign for the Colorado mine operators, was recalled to the stand yesterday by the Federal Commission on Industrial Relations, the chief questions asked of him concerned a certain article written by Elbert Hubbard in The Fra, in which the side of the mining operators was taken. Commissioner Garretson tried to make out that Mr. Hubbard's opinions were marketable.

"Mr. Hubbard," Mr. Lee said, "wrote to Mr. Rockefeller last Spring to explain this magazine intended to have an article on the Colorado strike and asking Mr. Rockefeller's co-operation. I suggested that he be referred to the coal operators, and that they be asked to give Mr. Hubbard any information he might want. Then if they pleased they would be able to assist him in distributing the article."

Commissioner Garretson referred to testimony which said the coal operators had purchased 1,000,000 copies of The Fra and Mr. Welborn, Pres'dent of the Colorado Fuel and Iron Company, had bought personally 2,000 copies.

"It doesn't seem to be fair," replied Mr. Lee, "to suggest that Mr. Hubbard's opinion was marketable. I want it understood, however, that I hold no brief for Mr. Hubbard."

Dr. Holmes Disapproves.

The Rev. John Haynes Holmes, when asked as to his views of the great foundations such as the Rockefeller, Sage, and Carnegie Funds, expressed the belief that they were repugnant to the whole idea of democracy. Powerful interests, he believed, would be able to influence tens of thousands through the educational institutions affected by these funds. Democracy, he thought, could do its own business and had much better do it.

Dr. Holmes admitted good that had been done by sending relief to the Belgians, but he added:

"I felt a sense not of grievance, but of regret, that this work had not been left to the great democracy of America to send its relief in its own way."

The great foundations appeared to him to be essentially autocratic, and when the witness was asked by Chairman Walsh, if could point to any definite danger which they had brought in the educational field, he instanced the effect of the refusal of the Carnegie Fund for the Advancement of Teaching to grant pensions to the professors of denominational institutions. A number of such colleges, he said were now trying to get rid of their denominational affiliations in order to get under the fund.

Dr. Holmes's remedy for such dangers as these was for the State to insist upon representation on their boards of trustees. The right to intervene was valuable he admitted, but it was not enough as it would be hard for a State to fight against the power of $100,000,000 and it would be all the harder if the trustees were men of fidelity, sincerity and courage.

The industrial unrest, Dr. Holmes thought might in a superficial way come from the desire for better conditions, but the deeper cause was the unequal distribution of wealth.

When Robert Fulton Cutting was called to the stand in the afternoon most of his testimony was taken up with explaining how the Bureau of Municipal Research, of which he was a trustee, came to make two modifications in its policy last Spring after it had accepted a gift of $20,000 from John D. Rockefeller.

He insisted that both these changes had been under consideration by the trustees before the Rockefeller gift came in sight, and so the fact that Mr. Rockefeller, as he offered the $2,000, asked for these changes, did not make the gift conditional.

One change was dropping investigations in other cities by the bureau, and the other the abandonment of inquiry into the city schools along pedagogic lines.

Before reaching the Bureau of Municipal Research, Mr. Cutting spoke of the New York Trade School, toward the $600,000 endowment of which the late J. P. Morgan gave $500,000. He said it was opposed by trade unions, who feared it might provide strike-breakers, although it never had.

Then Mr. Cutting discussed Cooper Union and the Association for Improving the Condition of the Poor. The largest contributor this year to the latter had been Mr. Rockefeller, who had given $25,000, he thought, through the Rockefeller Foundation. In addition, he had given $20,000 to the Widows Pension

Fund. Then Mr. Cutting himself had given $15,000 and Cleveland Dodge $10,000 more.

Opposes State Pensions for Widows.

Asked as to the proposal that the State should pension widows, Mr. Cutting said the A. I. C. P. would always oppose that bill unless it was itself made the agent of the State in the matter.

"The State," he said, "would not handle the question sympathetically and there might be favorites. If we thought ourselves capable financially to take care of all the widows and children of the city we should fight the bill to the end."

Coming to the Bureau of Municipal Research, Mr. Cutting said Mr. Rockefeller was the largest contributor last year and that other large sums were received from Mrs. E. H. Harriman, J. P. Morgan & Co., Kuhn, Loeb & Co., Speyer & Co., George W. Perkins, and Victor Morawetz.

Then Chairman Walsh took up the circumstances which led to the gift last year to the Bureau of Municipal Research of $20,000 from Mr. Rockefeller. It appeared that it had been offered shortly after the General Education Board, a Rockefeller institution, had reported adversely on the work of the bureau in education. This report, however, Mr. Cutting said he had considered superficial and of little value.

Mr. Walsh began to press him about the Rockefeller $20,000, and especially a luncheon he had attended in April last with Mr. Rockefeller, so Mr. Cutting, explaining that he had expected to be asked about this, proceeded to read an account which he had committed to writing.

At the luncheon, he said, besides himself and Mr. Rockefeller were Victor Morawetz and Starr J. Murphy. Mr. Rockefeller learned that the five-year period for which contributors had pledged themselves to support the bureau was ending and said he would like to subscribe, but he was not disposed to do so as long as it conducted investigations outside the city and interfered with the strictly pedagogical problems of the Board of Education.

"The views expressed by Mr. Rockefeller were those already entertained by Mr. Morawetz and me," went on Mr. Cutting, "and by several other trustees. Our minds," he explained, "were in a nebulous state, and though we were inclined to decline Mr. Rockefeller's very gracious offer, when we came to discuss it we found we could agree with Mr. Rockefeller, and as we could do so we accepted the money."

"You found that without that $20,000 you would have to close up?" said Commissioner Garretson.

"That would imply that we changed our minds," said Mr. Cutting. "Our minds were already made up."

"What would think of a church which changed its denomination for $20,000?" asked Mr. Garretson.

"But suppose the church had already changed its denomination?" Mr. Cutting replied.

Chairman Walsh wanted to know if at the time of the luncheon at which Mr. Rockefeller objected to outside work being undertaken by the Bureau it was investigating Judge Ben Lindsey's Children's Court in Denver.

Mr. Cutting said it was not, but it had lent certain experts to an investigation by a Denver organization, which included the Children's Court.

Dr. Charles W. Eliot, John Hays Hammond and George F. Baker are the witnesses to be heard by the commission today. The sessions will be continued here all next week and the commission will then go to Chicago to consider the transportation problem.

SHEEP AS VOTERS IN MINE ELECTIONS

1/31/15

Box Cars Also Counted by the Bosses, Lawson Tells Industrial Commission.

CHARGES GUNMEN ARE USED

Witness Asserts Company Controls Schools, Store, Hospital, Doctor, and Even Coroner.

PINCHOT ON FOUNDATIONS

Says Nothing Is More Subtle and Powerful Than Their Gifts to Colleges and Universities.

John R. Lawson, executive member for Colorado of the United Mine Workers of America, continued his testimony before the Industrial Relations Commission at the City Hall yesterday regarding mine conditions in that State. When he had finished Amos R. Pinchot read a long statement in the form of replies to a list of questions the commission had asked him. The testimony of both men was an attack upon John D. Rockefeller, Jr., and the methods he represented. J. P. Morgan is expected to be the witness tomorrow.

Following the lines of his testimony on Friday, Mr. Lawson told of the social environment of the miners in Colorado and of the conditions in the Colorado coal region during the strike last year. He also detailed the conversation he had had with Mr. Rockefeller at the latter's office on Friday.

The labor leader admitted that he had met Mr. Rockefeller "simply as one American citizen meeting another, and not as an officer of the United Mine Workers." He said he called on Mr. Rockefeller with Edward L. Doyle, another official of the miners' union, at the request of Frank P. Walsh, Chairman of the commission, and he gave this description of what had taken place:

"I was informed that Mr. Rockefeller wanted talk with me on Colorado matters. I was unable to see him, and later I received a message that Mr. Rockefeller would be at his office until 1 o'clock yesterday to see me.

Opposed Rockefeller Plan.

"Mr. Doyle and I went to Mr. Rockefeller's office. The interview was pleasant, the situation in Colorado was gone over, and Mr. Rockefeller asked my opinion as to the value of the system of electing representatives from the workers in the mines to meet the executive officials of the company. I told him that the system would not be of benefit to the miners; that there was no organization to back up the demands of the men, and the success of the system depended solely upon the goodwill of the operators."

Led on by questions of the members of the commission, Mr. Lawson told of the voting methods that obtained in the counties where the mine operators were powerful. The voting of sheep and mules, and even box cars, he said, was common.

"Why, yes," said the union leader, "sheep are voted often. So are mules and box cars on the siding. You see, when the returns were in, the election judges, who are usually mine bosses or camp liquor dealers, called up headquarters and asked how many votes were needed. Then they'd count a flock of sheep or a bunch of mules or a string of cars to fix the returns."

In picturesque language the witness said the social life of miners in Colorado had been very limited, especially in closed camps, where a kind of despotism prevailed, the coal companies owning all the buildings, running the schools and churches, and even directing the recreations of the workers. From a list the witness read that 44 men had been killed in mine accidents in Colorado last year, leaving 27 widows and 81 orphan children.

High Mortality in Colorado.

"The fatalities in the Colorado mines have been so much higher than any place in the world," said Mr. Lawson, "that inumanity has been shocked. Even if a family is paid $305.40, how far does that go with them? This is the human side of it that seems to get so little consideration from these operators."

The witness told of the domination of the companies in all the activities of life there. A young man going to one of the camps and being put to work, he said, would have to go to the company store, to the company doctor, and, if hurt, to a company hospital.

"And I want to say, Mr. Chairman," continued Mr. Lawson, "that if he died he would be examined by a company Coroner, who selects men who are friendly to the company. I have known only two verdicts ever to have been rendered which were unfavorable to the coal companies. The Coroners have a habit of giving a verdict that the man committed suicide or was killed by his own carelessness. One Coroner I heard of went further and marked the papers in the case of one young man: 'No relations and d—n few friends.' I am not sure but that the company also helped furnish the cemetery in which the man was buried."

Mr. Lawson said the miners were never known to fail to face danger, to save either life or property. They were not permitted, he said, to have clubs or organizations of any kind.

"The camps have detectives and gunmen Marshals," he declared, "and if the men get together in a group to discuss grievances or their condition in any way, they know they are liable to be put out of the camp, and the camp Marshals have actually driven men out for this. The company has supervision over the churches. It interferes with the minister of the Gospel, who lives in the camp, and he has to say what the company boss or Superintencent wants him to say. It is the same with the school teacher. And the men have no theatrical amusements — only an occasional dance."

Leaders' Homes Dynamited.

The witness said that during the strike at Newcastle, Col., in 1903, John D. Rockefeller Jr., according to the report of the Congressional Commission, had made a statement that the labor leaders should be driven out of the State.

"This statement," went on the witness, "was made in the latter part of November or early in December. I don't know that it had anything to do with what happened, and I hope not, but on the night of Dec. 17, 1903, the homes of five labor leaders in Newcastle were dynamited and blown up."

His own house, Mr. Lawson testified, was among those destroyed. No arrests were ever made, he said, for the same reason that very few men were ever arrested or tried for depredations against union men. He continued:

"According to the reports of the investigation made on April 6, 1914, John D. Rockefeller, Jr., made the statement that he would not recognize the United Mine Workers of America, and would rather lose all they had in mines in Colorado than recognize the union. On April 20, just two weeks later, to day, according to Ludlow, I hope it had no connection with Mr. Rockefeller's statement, but I want to call your attention to it, and I think that men who speak as great power and whose words mean so much, especially to gunmen in the industry, ought to be very careful as to what words they use."

The witness said that the Colorado Fuel and Iron Company did not stop the use of scrip until January, 1913, although a law had been passed in Colorado in 1899 prohibiting the use of scrip at mines and providing that workers be paid in cash. Other State laws, he asserted, were violated by the company.

Commissioner Weinstock read the testimony given on Friday by Dr. Charles W. Eliot, in which he said that it was wrong to elect one who had been convicted of crime as the head of a labor union. The Commissioner asked Mr. Lawson how he stood on that proposition.

"The great corporations and combinations of capital in this country," replied the witness, "can take any man or woman and convict them of any crime, and until the time comes when the laboring man has the same standing in court as the moneyed man I must disagree with Dr. Eliot. For my own part, I believe if a man is guilty of a crime he ought to be punished, and that a criminal, whether a poor man or the greatest millionaire in the country, ought to be punished and no criminal of any kind be fostered."

Lawson's Advice to Arm.

Commissioner Weinstock referred to a pamphlet in which labor leaders called on the members of the union in Colorado in the strike to arm themselves. The name of the witness was among those signed to the call, and he was asked if he did not think it was a violation of the law. He replied that he did not think so, as it was issued two days after the Ludlow affair. The witness said he did not care to go into details regarding the matter, as he was now under nineteen indictments in Colorado on account of the strike, and he did not feel at liberty to speak fully.

Mr. Lawson thought very few strikes had occurred in this country on account of violations of contracts on the part of labor unions. There might have been local strikes here and there by members of local unions who perhaps were not good union men, but every single case which had been brought before the International Executive Board of the Mine Workers had been followed by the men being ordered back to work or surrendering their charter.

Regarding his own union, the witness said it was as near a democratic organization as any in the country. He said there were about 300 union men under indictment in Colorado in connection with the recent strike, but not one operator. Three militiamen, he said, had been before a military court in connection with the killing of three men and fourteen women and children, but that all had been cleared and released.

The witness was asked if he had passed through any unpleasant experiences because of his labor activities, and he replied:

"I have been followed by the gunmen and thugs of the operators. I have been arrested and put in jail, charged with carrying a gun, when I had no gun. I was shot in broad daylight in the streets of Newcastle in 1903, and several little things like that."

Commissioner Weinstock wanted to know why the men did not move away from the camps if conditions were so bad, and the witness replied that they moved to the camps expecting to find conditions better, had to work day after day to keep the wolf from the door and did not have money enough to move their families away. Wage earners were in the majority in Colorado, the witness said, but many did not possess intelligence and had not been educated to a very high standard.

"Democracy in Colorado has been a most miserable failure for many years," the witness declared. "We have the recall, but we have found it so expensive and cumbersome as to be inadvisable to resort to it."

Wages in Colorado were lower than in Wyoming, Montana, and Washington, Mr. Lawson asserted.

"It is not what a man earns in Colorado that counts," he added. "It is what he gets when they get through with him."

Mr. Pinchot on the Stand.

Mr. Pinchot, the next witness, said he was a lawyer and had made a study of industrial questions especially as they applied to corporations. He began by explaining that he believed it was of the highest importance that an investigation should be conducted by the commission or some similar body into the handling of news in labor controversies as the influence of public opinion could be justly exerted only when the public was put in possession of the facts. The witness said that he did not believe that the city, State or Federal Government should go into industrial production, as he advocated competition in industry. In order to have such competitive industry the Government must make transportation and the raw materials, which are the basis of industry, accessible to all on equal terms.

"That is why I advocate Government ownership of railroads and Government ownership of natural resources with a leasing system such as is now in practice with regard to water power on Federal property," said Mr. Pinchot.

Asked about his opinion regarding collective bargaining, the witness said:

"At this state in the world's development, it seems to me utterly futile to discuss whether or not labor should have the right to bargain collectively with capital. We might as well discuss whether slavery or freedom is the better plan."

"In my opinion the cause of the industrial unrest in this country is the fact that there are more men than there are jobs all the time, and in hard times often a dozen men for each job," he continued. "This results in a condition where the men are bidding against each other for the jobs. The line which we ought to take in attacking such a situation is to develop industry to a point where there are more jobs than there are men. And this cannot be done simply by forcing the employers to recognize the unions and assent to collective bargaining."

The very cornerstone of the system of industrial exploitation, said Mr. Pinchot, was that the owners should keep themselves in ignorance of the actual acts of oppression practiced by the managers in charge of the property.

"That this ignorance of working conditions is an essential part of the system of exploitation," he testified, "is disclosed by Mr. Rockefeller's testimony both before this commission and before the Congressional Committee, as well as by his correspondence. This shows that he was familiar with such details as the building of churches on the Colorado Fuel and Iron property, the hiring of Elbert Hubbard to carry on publicity work, the retaining of Ivy Lee at a thousand dollars a month, the existence of clergymen of socialistic views, the hiring of automobiles for imported preachers in the mining district, and the payment of members of the militia out of the company's funds.

Ignorance As An Asset.

"But as to wages and living conditions in general and especially as to the tyranny of the company over the thousands of men and women who are dependent on it, Mr. Rockefeller claims, and I believe his claim is true, that he kept himself in the most complete ignorance. In his testimony before the Congressional Committee he goes so far as to state that he was unaware of the existence of the slightest discontent on the part of the miners. Ignorance on the part of the actual controlling interest of an industrial corporation and the delegation of full responsibility to the management at the plant becomes an asset to business under the present system of absentee control."

Referring to Mr. Rockefeller as a type of absentee landlord, Mr. Pinchot remarked:

"His innocence of knowledge of conditions upon the property gives him the privilege of appearing before the public as free from responsibility for the atrocities in Colorado as Little Eva in 'Uncle Tom's Cabin' was guiltless of the acts of Simon Legree."

Asked his opinion of the influence of large donations by the Rockefeller or other great foundations on schools and universities, Mr. Pinchot said:

"Nothing is more powerful and subtle than the influence of such donations upon institutions whose existence is largely dependent upon donations.

"The Rockefeller Foundation is a corporation organized under the laws of the State of New York, with a charter so broad as to include almost every human activity. On the other hand, its control is absolutely a Rockefeller control. A majority of its Directors are men who are employed by Mr. Rockefeller, and who have publicly expressed the opinion that the Rockefeller system as exemplified in the Colorado coal fields is a high expression of American industrialism. The Rockefeller Foundation has an immense annual income, which will probably average about $5,000,000. The General Education Board, whose report has just been published, is also a Rockefeller concern. Into the Treasury of the board Mr. Rockefeller has paid $53,000,000, a part of which was in bonds of the Colorado Fuel and Iron Company.

"Assuming that the Rockefeller Foundation, as well as the General Education Board, chose to deal with educational matters, I can see a grave danger in the acceptance by universities and schools of donations upon a large scale from such sources."

Mr. Pinchot said that the smaller colleges of the country were full of instructors and professors who had not been deliberately driven from larger universities on account of economic opinions unfriendly to "benevolent exploiters in industry," but who, nevertheless, "have found their chairs in the large universities untenable and have left them, owing to influences which were irresistible, but too subtle to complain about aloud."

The commission adjourned until 10 o'clock tomorrow morning, to meet in the Assembly Hall in the Metropolitan Life Building, 1 Madison Avenue, where Mr. Pinchot will conclude his testimony. Besides J. P. Morgan, another witness is expected to be James Mackaye of Boston.

DR. ELIOT'S TESTIMONY.

If men gathered figs of thistles, it might be suspected that the golden opinion reaped of the Rockefeller Foundation from the testimony of President Emeritus ELIOT of Harvard before the Industrial Relations Commission was without merit. The fact remains that Dr. ELIOT is himself a responsible Trustee of this great fund. No one questions for a moment his wisdom and his unselfish public spirit. He has given to it his service freely, because, he says, the Foundation is the "largest and freest benevolence "ever attempted in the world that I "have ever heard anything about."

Is it likely that any interference by the Government with private munificence is going to enlarge the number of such benefactions in future? Will it improve the management of institutions which, in a brief period, have made the honorable records won by the Rockefeller Institute, the Carnegie Institution, and other similar foundations? The recent report of the General Education Board is a conclusive proof of the beneficence in a wider field of the same principles which American experience has vindicated in the private endowment of educational and research institutions. Dr. ELIOT testified that he knew many instances of colleges and secondary schools being "influenced" by the General Education Board, but "never was the influence bad, it was always good."

A check to its influence would at once be applied if it became harmful, or even if its views and policies became unsound. Should such a board foolishly attempt to influence education in unwise directions, its suggestions would be utterly futile. But the General Education Board, the Carnegie Institution, and like bodies have in fact taken the only effective means known of making their conduct and direction sound and helpful—they have put on their governing boards men who represent the best that the United States has done and thought in education. If that is not true Mr. WALSH'S commission would do a public service in showing the contrary.

Not the least responsible of the functions of these governors is the choice of their own successors. The quality and personnel of their boards is until now conclusive proof that vacancies are filled with a full realization of the opportunities and responsibilities involved, without deference to political or other considerations. How would it be if—as Mr. WALSH manifestly wishes—the great benefactions should be managed politically?

MORGAN SILENT ON LABOR PROBLEMS

Supposes $10 Enough for Longshoreman "If That's All He Can Get and He Takes It."

OPINIONS ON BANKING ONLY

Industrial Commission Asks Him in Vain About Hours, Pay, and Unequal Wealth.

MITCHELL UPHOLDS UNIONS

Miners' Ex-President Calls Rockefeller Plan to Hear Colorado Grievances "Absurd."

J. Pierpont Morgan testified before the United States Industrial Relations Committee for just three-quarters of an hour yesterday, and in that time he proved so unresponsive to the questions regarding sociology, the rights of laboring men, labor unions, and the causes of industrial unrest that the members of the committee gladly let him depart with the remark:

"You are permanently excused, Mr. Morgan."

Mr. Morgan was terse in his replies and plainly let it be known that it was a waste of time to heckle him on any subject except that in which he was directly concerned, banking. Several times he made the large audience of social reformers, I. W. W. sympathizers, and the ordinary curiosity seekers gasp by nonchalantly admitting, with an engaging laugh, that he knew nothing whatever about how long employes should labor, at what age children should go to work, or the relations between capital and labor.

When, in sheer desperation, one of the Commissioners tried to get Mr. Morgan's opinion regarding the unequal distribution of wealth or to what extent poverty exists and its cause, the financier frankly admitted that he had no opinions on the question whatever.

Mr. Morgan told at length of the various corporations in which he was a Director, and how the responsibility of those corporations was divided between the Directors and the officers. He readily answered all questions relating to the duties of these men.

Morgan Waits Half an Hour.

Before he took the stand, Mr. Morgan was kept waiting half an hour until John Mitchell, former President of the United Mine Workers of America, completed his testimony regarding mining conditions in the anthracite regions of Pennsylvania and in other parts of the country. The commission held its session in the assembly room of the Metropolitan Building, 1 Madison Avenue, and the large hall was crowded.

A list of questions such as had been sent to some other witnesses before they appeared had not been sent to Mr. Morgan. When he took the stand he was asked to name the corporations in which he was a Director. He named five, which included the United States Steel Corporation, the International Mercantile Marine, the Pullman Company, and the Northern Pacific Railway. He said he had been a Director in the Western Union Telegraph Company, but was not now. He also had at present an interest in or represented clients in between twenty-five and fifty railroads. Asked how many men the Northern Pacific employed, the witness said he hadn't an idea. Neither did he know how many men the other corporations employed, although he thought the United States Steel Corporation gave work to about 170,000.

The witness said that as Director of these various companies he received reports on the financial condition of the property and that as a member of the Executive Committees of some of them he knew that the Directors received reports from officers on financial matters and general conditions. The Directors, he said, received no reports on labor conditions, except those contained in annual reports.

The International Mercantile Marine, Mr. Morgan said, had a monthly meeting for Directors and a weekly meeting for the Executive Committee. He attended probably ten of the monthly meetings last year and as many of the weekly meetings as possible. He also attended about as many meetings of the Steel Corporation. Between meetings, he said, the Directors got together whenever necessary and discussed matters with the officers.

Visited Some Plants.

Asked if he had visited the various plants regularly, the witness replied that he had visited some of them. He said he had not inspected any of the factories or railroads in 1914 and couldn't remember inspecting any in 1913, but in the last five years he had inspected the Gary plants of the Steel Corporation, the Edgar works, the tube works at Pittsburgh, and some others, and had been on the ships of the Mercantile Marine.

"How far do you think stockholders and Directors are responsible for labor conditions?" asked Chairman Walsh.

"I don't think stockholders have any responsibility in that matter," replied Mr. Morgan.

"How about Directors?"

"None at all."

"Who is responsible?"

"The officers, the executive officials, or people whom they appoint to take charge of the plants. The officers are responsible, as they have to see that those they appoint carry out their instructions."

The Directors, the witness said, had no authority so far as labor was concerned. Asked if he did not think labor reports were as necessary as financial reports, the witness said it was not necessary, because constant changes did not occur regarding labor matters as in financial matters.

"Do you not think that this policy has been adopted because it has been the custom?" Mr. Walsh asked.

"On the contrary," replied Mr. Morgan, with a short laugh, "this policy has been adopted by the Directors because it is the natural way of running a company."

"Are not labor conditions the only matters that are not subject to some constant auditing checks in the company management?" the Chairman asked.

"If I have given the impression," the witness replied, "that we know nothing about the condition of labor in the plants it is an erroneous one, for we do know how things go on, in a general way."

Starting another tack, Mr. Walsh asked Mr. Morgan what he considered the proper length of a working day.

"I haven't any opinion on that subject," he replied.

"What do you regard as the real income for an unskilled workman?"

"There again I have no opinion."

"Do you consider $10 a week sufficient to support a longshoreman?"

"I don't know," replied the witness with one of his short, nervous laughs. "If that is all he can get and he takes it, I suppose it it enough."

The Chairman had to check a wave of laughter by threats to stop the hearing before he went on:

"At what age do you think children should go to work?"

"I haven't any opinion," was the reply; "the later the better, though, I should think."

Asked if he thought it proper for a corporation to adopt a rule limiting the age of unskilled workmen to be employed at thirty-five years and skilled at forty-five, the witness said it was a question he preferred leaving to the people running the plant.

"Do you think it a good rule socially?" Mr. Walsh insisted.

"That is a matter of opinion."

"What is your opinion?"

"I haven't any."

Mr. Morgan said that if men working for a corporation of which he was a Director were not getting money enough to support their families or working conditions bred disease he would do his best to get the conditions remedied. The Executive Committees of which he was a member had discussed labor policies many times, but not at the time of a strike, so far as he could remember. He was not sure that the employes of any of his corporations were organized, although he presumed they were on the Northern Pacific, and he understood there were organizations among the employes of the Mercantile Marine.

"What is your attitude toward labor organizations?" asked Mr. Walsh.

"I am not opposed to anything they do that is lawful and proper," said the witness, and he added that he would resent men not employed by his organizations interfering.

Steps to Allay Discontent.

Asked if he thought industrial discontent was on the increase Mr. Morgan replied that it seemed to him much had been done to decrease dissatisfaction among workmen, that the Steel Corporation had spent much money on adopting safety methods, and that sometimes wages had been increased without the workingmen asking for it.

It was at this point that Mr. Walsh wanted to know about the unequal distribution of wealth, and Mr. Morgan said the problem was too deep for him, that he preferred to leave the subject with the commission for settlement.

"Is the present industrial condition responsible for the existing poverty?" asked Mr. Walsh.

"I should say not," was the reply, and when the Chairman wanted to know what Mr. Morgan had done privately to lessen distress, the witness shook his head and said he couldn't go into that.

"I have helped where I can, as most people do," was all he would vouchsafe.

The Chairman wanted to know what the witness thought of heavily endowed foundations as a means of improving social conditions, and Mr. Morgan replied that the Rockefeller Foundation had helped a great deal in a medical way, and that the Carnegie libraries had helped many thousands.

Commissioner Weinstock read some of the testimony given by Samuel Untermyer to the effect that the railways of the country were dominated by two great financial groups, the Morgan interests and Kuhn, Loeb & Co.

"I should say that he was entirely incorrect," said Mr. Morgan emphatically. "I can't speak for Kuhn, Loeb & Co., but if we have dominated the railways of the country I haven't noticed it."

The witness said his firm had helped railway companies in selling their securities and in giving advice when needed, but that was all. Commissioner Weinstock wanted to know if Mr. Morgan had given any study to economical matters, and the financier replied:

"I have other problems of my own to handle, and I haven't given much study to those matters."

The banker said he did not know whether the American Federation of Labor had been of any advantage to labor, but that he would be opposed to organized labor dictating who he should employ. The Commissioner here used the term "collective bargaining," which had been employed a good deal at the hearing, and Mr. Morgan wanted to know what it meant. Mr. Weinstock explained at length, and the witness said he saw no moral law involved, only a matter of convenience, and that it did not seem to deal with principles. Labor men, he said, were inclined to get in a corner by themselves and consider everything from their own viewpoint.

Says Every One Should Help.

"Most of us work in this country," said the witness. "Each one has to do his part, the employer as well as the worker. Every one has got to do what he can to help conditions. It is a matter for each man to decide for himself."

The Commissioner attempted to explain at this point the purpose of social service, and Mr. Morgan interrupted him with—

"Your purpose is admirable, but it is beyond me. I haven't got the right capacity to grasp it; otherwise I would be only too glad to help."

The other Commissioners, one by one, took Mr. Morgan in hand, but they could not lead him into the intricacies of industrial reform, and they gave up trying.

The first witness at the morning session was Amos Pinchot, who finished reading his answers to the list of questions submitted to him. Part of these replies had to do with an attack on The Associated Press, which, Mr. Pinchot said, had sent out false reports of labor troubles.

John Mitchell, who is a member of the Workmen's Compensation Commission of New York State told the needs of the workingman and the necessity for organization.

"There can and should be no permanent industrial peace unless that peace is based upon industrial righteousness," said Mr. Mitchell. "Workingmen cannot be denied the right to organize and on this, I think, depends their contentment and happiness. The industrial discontent is not necessarily an evil, but it must be a healthy, constructive discontent. It must be a constructive desire for better things, better homes, and a gradual improvement in the conditions of life and labor. This discontent among the disorganized too often shows itself in acts of rebellion and industrial revolution."

Mr. Mitchell cited the strikes at Lawrence, Paterson, and in the West Virginian coal fields as instances where the denial of the right of association led men and women to strike. If they had been allowed full freedom in organization, he thought, the strikes would not have occurred.

"There can be no permanent peace," Mr. Mitchell went on, "until workers have the right to collective bargaining for the sale of their labor. It is not enough that the heads of these corporations offer other inducements. The workers do not want gifts, but independence. They want security for their jobs, and they cannot have this without organization."

The witness said that deaths and accidents were greater in the unorganized communities. He told of the strikes in the anthracite coal regions and how conditions among the miners had improved since the settlement. He thought the best plan for a permanent settlement of labor disputes was for the companies and the representatives of the union to formulate some agreement regulating conditions.

Rockefeller Plan "Absurd."

Asked what he thought of the plan mentioned by John D. Rockefeller, Jr., as having been put into effect by the Colorado Fuel & Iron Company, whereby representatives of the men meet the officials of the company to discuss matters of mutual concern, he said:

"It is simply absurd. The men would not be free to select the men they wanted to represent them and would be sure to select the men the company wanted. Men must be organized before they can select the representatives they want."

Commissioner Weinstock asked about the call to arms made by the leaders in Colorado last year. Mr. Mitchell replied that if he had been in charge at the time he didn't think he would have issued such a call, but it was hard to say what he would have done two days after the Ludlow shooting.

The witness did not believe in incorporating labor unions, and said that unions could be held responsible in law suits without incorporation. Commissioner Garretson asked Mr. Mitchell if improvement in living conditions did not sometimes follow a refusal to obey unjust laws, and the answer Mr. Mitchell made caused a loud cheer from the audience.

"I think every improvement in government since history began has been because of the refusal to obey laws," he said. "The establishment of the American Republic was on account of the refusal to obey law."

Among the witnesses to be examined today are E. T. Costigan, attorney for the Colorado miners; Jerome D. Greene, Executive Secretary of the Rockefeller Foundation, and Wallace Butterick, Executive Secretary of the General Education Board.

Parts of Mr. Morgan's testimony before the Industrial Relations Commission yesterday will undoubtedly be used against him. He will be pictured as a banking and corporation magnate who never gives a thought to the welfare of workingmen. This would be highly unfair, as Mr. Morgan took pains to explain that his theory of the responsibility of executive officers for the conditions of labor under them was not inconsistent with warm personal sympathy for the toilers, and with rational efforts to brighten their lot. And on the main point of refusing to produce, for the delectation of the Commission, a neat little panacea for every imaginable social evil, Mr. Morgan was wholly admirable. There has been far too much haphazard bringing out of "great thoughts" before the Commission. Each witness has been confidently asked for his own private solution of the problem of poverty, and, in general, his theory of the mystery of the universe, stated in words of one syllable. By setting his face against all this nonsense, by sticking to the things he knew and declining to make his ignorance the basis of inference—above all, by refusing to join the ranks of the social quacks, with their guaranteed sure cures for every disease of modern life—Mr. Morgan has placed us all in his debt.

SEES TWO SIDES OF ROCKEFELLER

E. P. Costigan Says "Business Man Imposed Silence on Philanthropist" in Colorado.

AUTOCRACY IN HIS ATTITUDE

J. D. Greene Follows Miners' Counsel with Vigorous Defense of the Foundation.

TELLS ITS ALTRUISTIC AIMS

Two Women, One Bereaved at Ludlow, to Testify Before Industrial Commission Today.

A bitter attack on the Rockefeller Foundation by Edward P. Costigan, counsel for the United Mine Workers of America, and as vigorous a defense of that organization by its secretary, Jerome D. Greene, occupied most of the time at the hearing yesterday before the Industrial Relations Commission in the Metropolitan Building. Absentee landlordism Mr. Costigan gave as the basis of the Colorado labor troubles, while the Foundation, he said, was a failure because it was being promoted for personal advantage, to the exclusion of public affairs.

Mr. Greene, in his defense of the Foundation, read a long list of names of the men who compose the various boards, and said that the character of these men and the positions they held in the community should be sufficient refutation of any suggestion that they would attempt to promote the pecuniary welfare of the donor.

The witness read a memorandum which he presented on his own responsibility to the members of the Rockefeller Foundation at their first meeting on Oct. 22, 1913, and which was accepted as formulating the general principles and policies of giving that seemed to Mr. Greene characteristic of Mr. Rockefeller and the boards established by him.

Before Mr. Costigan left the stand he obtained the consent of Chairman Walsh to hear the testimony of two women survivors of the "massacre of Ludlow," Mrs. Mary Dominiski and Mrs. Virginia Petrucci. They will be allowed to tell their stories today. They were present at yesterday's session and sobbed softly as Mr. Costigan told the story of the battle between the miners and the militia, in which Mrs. Petrucci's three children were smothered to death.

Attacks Rockefeller Fund.

Mr. Costigan said he had been employed to represent the United Mine Workers of America in February, 1914, at the Congressional Committee investigation of the Colorado coal strike, and that last September he had testified before the present commission in Denver. His attack on the foundation was contained in a statement which he read. He said it was particularly appropriate that the Rockefeller Foundation should be investigated as a benevolent enterprise in view of what had occurred in Colorado, and in the light of the recent report that some $10,414,918 out of $103,930,000 owned by the Rockefeller Foundation was in the shape of stock and bonds of corporations doing more or less business in Colorado.

What happened in Colorado last April, Mr. Costigan said, was in striking respects similar to what happened in Lawrence, Mass., and in New Jersey a fortnight ago, and might happen in any other State unless sufficient remedies were applied.

"In a great human crisis, precipitated within the very household, industrially speaking, of Mr. Rockefeller," said Mr. Costigan, "his Foundation has been heedless or impotent, and the conclusion forced on an unprejudiced public has been and is that Mr. Rockefeller, the business man, has, cold-heartedly and without hesitation, brushed aside and imposed silence on Mr. Rockefeller, the philanthropist.

"The fundamental fault alike of Mr. Rockefeller's business methods and his philanthroples would appear to lie in its personal direction and its promotion of personal advantage, to the exclusion of the public welfare. In the investigation of the hookworm in the South, the vice districts of Chicago and New York, and in his generous donations to the Belgian Fund Mr. Rockefeller has shown the splendid side and possibilities of intelligent charity. For these beneficent acts he is entitled to and doubtless will receive public approbation.

Complains of Autocracy.

"The fundamental fault in Mr. Rockefeller's attitude toward the public and the workers appears to lie in its undermining autocracy. We have in the Rockefeller Foundation a supreme example of the philanthropy which deadens, by its large benefactions, a public criticism which otherwise would be as formidable as inevitable."

The witness said that in Colorado, where Mr. Rockefeller was financially interested on the earning side, he had ignored the standards to which the foundation was dedicated, as he relied on three men, Mr. Bowers, Mr. Welborn, and Mr. Weitzel, and took their report of conditions as conclusive, regardless of disinterested advice. Mr. Rockefeller did not do this, Mr. Costigan asserted, when the vice districts of New York and Chicago were under scrutiny, but sent expert and incorruptible investigators to find out conditions.

"He sat indifferent," the witness continued, "his eyes closed and his ears deaf to the sorrows and cries of men, women, and children in Colorado, allowing Mr. Welborn and his associates to act as judges in their own case with reference to complaints against tyrannous and lawless practices uttered by thousands of men in their employ. It is not too much to say that a philanthropy so inconsistent, unless corrected and liberated, must become a menace to the civilization it purports to serve.

"Mr. Rockefeller plans to do his own investigating, and he conducted his own settlement of our industrial difficulties. He does not recognize the supremacy of social rights or the soundness or impartiality of governmental investigations. He plans to drive all the time, with the reins forever in his own hands. Nothing could more clearly demonstrate that the Rockefeller Foundation is primarily an asset of the Rockefeller industrialism, and only secondarily a public charity. It is pertinent to remember that even feudalism and slavery boasted of their occasional generosity.

"Social, industrial, and Governmental justice are more important than charity, and private charity, whether from a dead or living hand, closes the mouth of criticism, blinds society to the faults of the benefactor, whether of omission or commission, and permits the philanthropist to plume himself on virtues, forgetful of offenses, with consequent false standards all along the line, delaying the day of democracy and equality of opportunity for the workers.

Causing Industrial Unrest.

"When private philanthropy results merely in further exploitation, is it not time to turn to public agencies for the conservation alike of property and the rights of living men, women, and children? The most generous estimate a somewhat disillusioned public will place on Mr. Rockefeller's activities is that his Foundation is dealing with effects, while through the Colorado Fuel and Iron Company and other industrial agencies he is actually and visibly feeding the flames and causes of industrial unrest."

Asked if the Colorado Fuel and Iron Company did not have the right to refuse to deal with labor organizations, the witness said that the failure to recognize the union was not so important as was the failure to confer.

"As I regard it," he testified, "the human right to work or to quit work ought to be held higher than any convenience of the employer, and this human right should always be considered."

"Take the I. W. W. organization, for instance," said Commissioner Weinstock. "They avowedly proclaim themselves contract breakers and say outright that they feel themselves at perfect liberty to break any agreement that they make with an employer. You would not blame an employer for refusing to deal with an organization like that, would you?"

"Supposing your premise to be correct," was the reply, "an employer might not be blamed for refusing to make an agreement under such circumstances, but my belief is that ethically collective capital has no right to decline to confer with collective labor."

The witness was asked if the United Mine Workers were officially committed to socialism. He was unable to answer, but John R. Lawson, executive member from Colorado, who was in the audience, said the organization was not; that socialism was an individual matter with each member.

Questions about the circular headed "A Call to Arms," issued over the signatures of some of the labor leaders two days after the Ludlow shooting, Mr. Lawson, after reciting the circumstances of the fight, said he supposed the appeal was wrong, but thought there were strong extenuating circumstances.

Greene Defends Foundation.

Mr. Greene was the next witness. He was youthful looking and surprised the audience by stating that he had been secretary to the Harvard Corporation for five years, that for four years he had been secretary to Dr. Charles W. Eliot, that he had been general manager of the Rockefeller Institute for Medical Research, and had been a member of Mr. Rockefeller's personal staff until he assumed his present position on Jan. 1, 1915.

For many years, he said, John D. Rockefeller had carried on philanthropic work along the lines represented by the boards of the Foundation and he had constituted the Foundation in order to widen the scope of the work. It was only natural, Mr. Greene said, that Mr. Rockefeller should choose men in his office who had been associated with him and accustomed to his methods to carry on the work.

The memorandum which the witness had submitted as an expression of the principles and policies of the Foundation stated that individual charity and relief were excluded except as the direct result of aid given to other institutions well organized for such purposes, and that applications for the aid of institutions or enterprises that were purely local were excluded, except as aid might be given to their establishment as models to other localities, and as part of a general plan for the encouragement or improvement of similar institutions. Another principle laid down was this:

"It may be said that when an individual or an institution goes into a community with the intention of making a contribution to its welfare, no gift of money however large, and no outside agency, however wise or good, can render a service of unqualified good and permanent value except so far as the gift or the agency offers the means or the occasion for evoking from the community its own recognition of the need to be met, its own will to meet that need and its own resources, both material and spiritual, wherewith to meet it."

Another principle stated was that it was unwise for an institution like the Rockefeller Foundation to assume permanently or indefinitely a share of the current expenses of an endowed institution which it did not avowedly control and that, on the other hand, the Foundation "must carefully avoid the dangers incident to gifts in perpetuity."

Must Express the People's Will.

"No great philanthropic trust can permanently endure as a paternal institution far ahead of the people in wisdom and foresight," the memorandum stated. "Its wisdom and foresight must in some true sense, like the political government, express the will and intelligence of the people. Its wisdom and foresight must at least be susceptible of recognition by the people in order that they may follow willingly and affectively where it leads. In short, the policy of the trust must, in the long run, be democratic. To accomplish this result a plan should be devised whereby the accountability of the Rockefeller Foundation to the people of the United States should be clearly expressed through periodic reports."

Mr. Greene said these men composed the various boards of the Foundation: Edwin A. Alderman, President of the University of Virginia; Dr. Hermann M. Biggs, Health Commissioner of New York State; Wallace Butterick, Andrew Carnegie, P. P. Claxton, United States Commissioner of Education; Charles W. Eliot, Hollis B. Frissell, Principal Hampton Institute; Abraham Flexner, Simon Flexner, Frederick T. Gates, Frank J. Goodnow, President Johns Hopkins University; William C. Gorgas, Surgeon General United States Army; A. Barton Hepburn, L. Emmett Holt, David F. Houston, Secretary of Agriculture; Prof. Theodore C. Janeway of Johns Hopkins University; Harry Pratt Judson, President University of Chicago; J. V. Jayner, Superintendent of Education of North Carolina; Edgar L. Marston, John R. Mott, Starr J. Murphy, Walter H. Page, American Ambassador at London; Francis W. Peabody, T. Mitchell Prudden, John D. Rockefeller, John D. Rockefeller, Jr., Wickliffe Rose, Albert Shaw, Editor Review of Reviews; Theobald Smith, Charles W. Stiles, Anson Phelps Stokes, Secretary Yale University; George E. Vincent, President University of Minnesota, and William H. Welch, Professor of Pathology, Johns Hopkins University.

Mr. Greene will go on the stand again this morning.

The first witness yesterday was Frederick H. Goff of Cleveland, Ohio, a lawyer and banker and President of the Cleveland Trust Company. He said he was the originator of the Cleveland Foundation for the gathering of the surplus wealth of the community for community interests.

Cleveland Man's Opinion.

Regarding large foundations the witness said:

"I regard the Rockefeller Foundation as the greatest benefaction the world has ever had, if I understand its purpose as described in newspaper accounts, but I cannot help but feel that the holding of so important a trust by a self-perpetuating board presents a possible danger. The men administering the fund at present are men of rare ability and zeal, but how that is to perpetuated in remote years I do not see. History shows that the tendency of men with such power has been to grow indolent, indifferent, and slothful. Improperly administered, the Foundation might become a menace."

The witness said that in the Cleveland Foundation donors could give directions as to how the gifts were to be distributed, but that they must be under the supervision and subject to the revision of the committee or board.

"What funds have you in the Foundation now?" asked commissioner Lennon.

"We have no funds at present," the witness replied, "but we have a possibility of $30,000,000 or more. It will be necessary for some one to die before the funds are available. The Cleveland Foundation may be said to be for the day after tomorrow rather than for today."

TWO WOMEN DEPICT BATTLE OF LUDLOW

Audience in Tears as Miner's Wife Tells of Smothering of Three Children.

2/4/15

FLED FROM FIRE AND SHOTS

J. D. Greene Again Defends Rockefeller Fund Before Industrial Relations Commission.

The story of the "massacre of Ludlow," where eleven children and two women were smothered to death and five men shot dead in a clash between striking miners and militiamen sent to guard the property of the Colorado Fuel and Iron Company on April 20, 1914, was told yesterday before the Commission on Industrial Relations in the Metropolitan Building, by two miners' wives—one who had lost three children in the encounter and another who had seen the entire affray.

It was by far the most dramatic episode of the hearings. When Mrs. Mary Petrucci described in simple English how she had dragged her little ones into a cellar beneath one of the colony tents that had been set on fire and how she had staggered out the next morning to be carried to a hospital where she remained nine days before learning that her children were dead, many women in the audience were heard sobbing while others sat mute with tears coursing down their cheeks.

Tried Twice to Testify.

For the first time the women told their stories on a witness stand. Twice before, once in Denver and again in Washington, they were present at a session of the commission, but in the first instance objection was made to their going on the stand and in the second they were not able to testify. They took the stand after Jerome D. Greene, Secretary of the Rockefeller Foundation, had finished testifying regarding the purposes of that organization and Mr. Rockefeller's connection with the Colorado Fuel and Iron Company.

Mrs. Petrucci was born in Hastings, Col., of Italian parents twenty-four years ago and married when but 16. She spoke good English and impressed the audience as a woman of refinement above her station. The fact that she told what had happened with little display of emotion, as if anxious to get it over as quickly as possible, made the telling all the more impressive. She said she went to Ludlow, Col., in January, 1914, although the strike had been on there since the previous September. The miners and their families were living in a tent colony that housed between 600 and 700 persons on land leased by the strikers.

A Greek named Tikas and another man named Files were leaders there. Directly behind the tent occupied by the Petrucci family was a larger one covering a cellar, with board walls and flooring. The large tent was used as a maternity hospital. The cellar to which the women and children flocked when the tents began to burn has been called since "the black hole."

Fled with Her Children.

"My tent was the first one to catch fire," began Mrs. Petrucci in a low voice that was distinctly heard throughout the large room. "It was in the evening, and, catching up my three children, I ran out. I had the baby in my arm, the little girl by the hand, and the boy followed. As I ran the militia, who were about twenty-five yards away, began firing at me, and I ran to the cellar for protection. The cellar was about six feet deep and the door was open. There were three women and eight children already there when I entered.

"My baby was only six months old, the little girl was two years and a half, and the boy was four years old. He would have been five yesterday. Our party made eleven children and four women. I told one woman that they were burning the tents, and she said I had better stay there.

"After I had been in the cellar about ten minutes, the tent above us also caught fire. The soldiers were shooting through the streets of the colony and we were afraid to go out. For some reason the door of the cellar had been left open and the smoke began to come in. Mrs. Costen, one of the women in the cellar, took a quilt and spread it over her two children and herself to keep off the smoke, and when I asked her for some of the quilt to put over my children she said she didn't have enough for herself. A little later we all lost consciousness, and I don't know what happened after that.

Told of Her Babies' Death.

"It was about half past five the next morning, I guess, when I came to and crawled out to look for water. I saw five or six tents that were not burned still standing and somehow staggered toward the station. I met several guards going in the opposite direction and they were laughing. I felt just like a drunken person and when I reached the station Mrs. Halloran asked me where my children were. I did not know, and she went back to the camp to look for them. She couldn't find them and came back at the station without them. Then some one told me to get on the train that came along just then and I was taken to Trinidad. I was in the hospital there for nine days and when I came out they told me that my babies were dead."

Commissioner Weinstock gently asked the woman several questions. She said that only one other woman and herself came out of the "black hole" alive, and that thirteen persons in all were taken out dead. She said she didn't know how the fire started in her tent, and she was too much frightened by the shooting in the street to find out.

"Have you any other children?" asked Mr. Weinstock.

"One died on March 7; the others were killed on April 20," was the reply.

Mrs. Margaret Dominiski, who is the English wife of a Polish miner, told something of the life in the mining camps. She has three children, 6, 8 and 10 years old. She was plainly dressed, like Mrs. Petrucci, and, like her, held the audience by the simplicity of her story. She has been married eleven years, moved to Colorado from Pennsylvania, where she was born, seventeen years ago, and has lived in the Colorado mining towns of Lafayette, Erie and Ludlow.

Plenty of Saloons.

"What kind of churches do they have in the mining regions of Southern Colorado?" asked Chairman Walsh.

"I never saw any churches except in Trinidad," was the reply. "Neither did I ever see any halls for people to meet in."

"Have they any saloons?" was the next question.

"Plenty of them," the witness replied.

The witness said that prices of goods in the company stores were much higher than in the stores outside, but the miners and their families were not allowed to trade at these outside stores. Sometimes, she said, a woman would take a trunk and go to Trinidad and bring it back full of provisions, but if she was ever caught at it her husband would be discharged. When the strike started she joined the tent colony with her family. On April 19, the day following the Greek Easter there was a ball game, and a crowd had turned out to see it. Four militiamen appeared, and when they pointed their guns at the men, one of the women remarked:

"If any body pointed a real gun at you fellows, you'd run.

"Go ahead, get your fun today; tomorrow you'll get your roast," one of the soldiers replied, according to the witness.

Everybody thought the threat was a joke, Mrs. Dominiski said. The next morning a soldier appeared at the camp and demanded that Tikas produce a man they wanted. Tikas assured the soldier the man was not in the camp. The soldier threatened to search the camp, but he was warned away. A little later Tikas was called to the railway station and a woman said that the militia was approaching. Mrs. Dominiski said she left her children with a neighbor and went to look for her husband. She found him, and Tikas ran up, waving a handkerchief and calling to everybody to get out of the way, as there was trouble ahead. Shortly after Tikas was killed by one of the soldiers.

With other women and children, the witness said, she ran to the top of a hill and hid in a large well. The soldiers began firing with machine guns, she continued, and narrowly missed hitting some of the children. The well becoming unsafe, she ran to a ravine and hid there for a time. Later she deserted it for a ditch. After that she went back to the barn and saw soldiers setting fire to the tents.

Setting the Tents Afire.

"Some of the soldiers carried torches which looked like brooms on fire," said the witness. "Others carried cans which I supposed contained oil. They went about seting the tents on fire and shooting at every person they saw. One woman tried to get under a fence and a shot went through her head. The next day we learned of the women and children who had been smothered in the cellar, and I helped to identify some of them. Then we went to Trinidad."

Both women said that the union paid their expenses in the tent colony and had done so ever since.

When Mr. Greene resumed the witness stand he was asked by Mr. Walsh if a conflict of interest was not likely to develop among the interlocking Directors of the various Rockefeller boards. He replied that the fields of education, social betterment and public health included practically all of the Rockefeller philanthropies, that he was desirous to have men experienced in all these fields, and that there was little likelihood of trouble.

"Now, as to these interlocking Directors, perhaps I should call them something else?" suggested Mr. Walsh.

"You might call them overlapping, or overworked," said Mr. Green.

"Yes, or you might call them overpaid," injected Commissioner Ballard.

Asked if the Rockefeller Foundation with its great resources might not be able to do something against public immorality through its influence with churches and educational institutions it had endowed, the witness said it would be possible to do great harm, but that it surely would be stopped.

"If the matter were of a very serious character," Mr. Greene added, "the charter might be annuled, and, if less grave, it could be amended. While the possibility of harm is there, I do not think that there is any actual probability of harm. Public opinion is very exacting, and it would be sure to act if any very serious harm was threatened."

Mr. Greene was asked what would happen if the Foundation should undertake to control law-making bodies.

"I think the Foundation would lose its existence very quickly if there was any such shocking state of affairs at that," he replied.

Mr. Walsh asked if the Foundation, under its charter, had the power to circulate literature in opposition to a workmen's compensation law.

Repellant to Members.

"It could, but it wouldn't," said the witness. "That type of activity is repellant to every member of the board."

"Could it conduct a propaganda against trade unionism?" asked the Chairman.

"I can't imagine its making a start in that direction," was the reply. "I know of nothing more atrocious than to use the Foundation for such a purpose."

Regarding the formation of the board, Mr. Greene said that it had been decided to select young men and instruct them in the Rockefeller methods of philantropic work, and that the first suggestion made was to get Dr. Charles W. Eliot, who was more than eighty years old. The suggestion met with unanimous favor and Dr. Eliot was selected. A. Barton Hepburn also was unanimously chosen as a member because of his fitness for the work.

He was questioned next about the Colorado strike, and he said he was convinced of the good will and integrity of the officials of the Colorado Fuel and Iron Company, whether they were men of sufficient ability or not. The company, he said, was probably the most progressive of all the companies in Colorado in its amenability to suggestions from the State Labor Department and in welfare work. The foundation, he said, spent about a million dollars in chartering ships and sending food without investigation for Belgian relief, as help was needed quickly.

Asked if the foundation had extended any help to the strike region in Colorado, Mr. Greene said the problem there was an economic one, and not one of charity, and that the board thought it had better be left to local agencies. He was asked what restrictions he thought the Rockefeller foundation had in reply advocated only such safeguards as were absolutely necessary. They should not be such, he thought, as to make a rich man man feel that it would give him too much trouble to give his money away.

The witness said that Mr. Rockefeller and Starr J. Murphy were the only members of the Rockefeller Foundation who are Directors of the Colorado Fuel and Iron Company. He said the Foundation had $1,000,000 of the bonds of the Colorado Fuel and Iron Company among its securities and had no part in the control of the company. He added:

"The statement made yesterday by Edward P. Costigan, the attorney for the United Mine Workers of America, that the Rockefeller Foundation is a factor in the management of the Colorado Fuel and Iron Company was absolutely untrue and unjust."

Suggestions to Rockefeller.

The witness said that John D. Rockefeller, Jr., was always glad to receive suggestions; that even if his office boy would make a suggestion of value, Mr. Rockefeller would give it serious consideration, and even act on it without hesitation if he thought it better than his own.

"How often do you see John D. Rockefeller, Sr.?" asked Mr. Walsh.

"I think I have seen him only twice in five years."

"Is it true, as I have heard, that Mr. Gates while on Mr. Rockefeller's staff did not see him even once in eight years?"

"I do not know about Mr. Gates," replied the witness. "Mr. Rockefeller retired from business fifteen years ago. When we were advising him we usually gave our views through Mr. Rockefeller, Jr."

Mr. Greene told of the purchase by the foundation of a bird refuge in Louisiana. It was a tract of 85,000 acres, cost $250,000, and was for the purpose of saving insectivorous birds for the benefit of agriculture. The damage to crops by insects in this country amounted to hundreds of millions of dollars, said Mr. Greene, and he thought the money well spent if the birds were saved. The question of protecting the birds for sportsmen's use was not considered.

John R. Lawson, executive member for Colorado of the United Mine Workers, was the last witness of the day. He was recalled to the stand and questioned by Commissioner Weinstock regarding contract breaking by his organization. He said there were occasions when local unions broke their contracts, but such acts never were sanctioned by the parent body and on such occasions the governing body ordered the offending union back to work under threats of canceling its charter. Usually, he said, the threat was sufficient to bring the local union to terms, but he had heard of cases where the charter actually was revoked. He was still being questioned when an adjournment was taken until 10 o'clock this morning.

The witnesses today will include Dr. George W. Kirchwey, of the Columbia Law School; A. Barton Hepburn, Morris Hillquit, a Socialist; Dr. Wallace Buttrick, Secretary of the General Education Board, and Henry S. Pritchett, President of the Carnegie Foundation Endowment Fund.

ASSAILS LEGALITY OF BIG FOUNDATIONS

Rockefeller and Like Endowments Are Not Constitutional, Kirchwey Says.

2/5/15

MIGHT WAR ON UNIONS

Striker Tells Industrial Commission of Roosevelt Conditions—Hepburn Upholds Unions.

Dr. George W. Kirchwey of Columbia University, ex-Dean of the Law School there, expressed the opinion before the United States Commission on Industrial Relations in the Metropolitan Building yesterday that the law under which such philanthropic institutions as the Rockefeller, Carnegie, and Sage Foundations were incorporated would be held to be unconstitutional if the question was ever taken to the courts. The Legislative acts which brought them into being, he said, did not set forth clearly in the title the aims of the organizations.

Morris Hillquit, the Socialist leader, likened the Foundations to industrial trusts, and criticised them because, he said, they did not seek to relieve poverty. Very little of the money of any of the three institutions, he said, was used for charitable relief, and he thought the money would be used to better purpose if it was applied to relief at home instead of to the relief of the Belgian destitute and for the eradication of the hook worm disease throughout the world. A. Barton Hepburn, Chairman of the Board of Directors of the Chase National Bank and a member of the Board of Trustees of the Rockefeller Foundation, said he thought the Foundation would accomplish much good.

Mr. Hepburn is a Director of the American Agricultural Chemical Company, which has a plant at Roosevelt, N. J. This is one of the concerns involved in the strike in which guards fired upon the strikers. As a Director and Chairman of the Finance Committee of the company, Mr. Hepburn disclaimed responsibility for labor conditions which he said were looked after by other officials employed for that purpose. In order to get first hand knowledge of the working conditions of the employes previous to the strike at the plant, a Polish striker named Antonio Wiater, was put on the stand. His wages were $41.50 a month, he said, and it cost him $70 a month to support his family of a wife and five children.

Dr. Kirchwey said he had made an examination of the law governing the Rockefeller Foundation and similar philanthropies and when asked by Chairman Walsh to explain what the Rockefeller Foundation could do under its charter he said:

> By the present charter there is a very wide discretion vested in the Trustees. I am of the opinion, however, that the Foundation is restricted by general laws from doing anything not specifically granted under its charter; it would have no other right, not even to sneeze. It cannot, for example, do an act concedely immoral or illegal, as compounding a felony, promoting immorality or lending money at usurious rates. It is prohibited by law from carrying on a banking business. The Constitution restricts the Legislature from giving it a right to lay down railroad tracks.

Says Foundations Can Fight Labor.

The witness said that there was nothing in the law to prohibit a corporation such as the Rockefeller Foundation from conducting a propaganda against trades unions, and that if its funds were used in a campaign of education against workmen's compensation or a widow's pension, he didn't believe the courts would have power to dissolve it. Interference by the courts, he said, would necessarily mean dissolution. The only recourse the people would have to prevent the Foundation from doing anything that was considered pernicious, said Dr. Kirchwey, would be to apply to the Attorney General or to have a Justice of the Supreme Court bring an inquisitorial proceeding.

Dr. Kirchwey said it was very doubtful if the Foundation had the power to furnish publicity agents for the Colorado Fuel and Iron Company, although the funds might be used in a limited degree to hire strike-breakers. In such a case, he said, much depended upon public opinion and the particular judge before whom the case was brought. He said the Foundation could properly build model tenements and charge rent for them, as they were benevolent in their nature. Asked if he thought the acts creating large foundations like the Rockefeller, Carnegie, and Sage estates were constitutional, he replied:

> "I have very grave doubts as to the constitutionality of the acts incorporating these three great philanthropics. The law expressly provides that no private or local bill which may be passed shall embrace more than one subject, and that that subject shall be expressed in the title in such a way that its purpose cannot be misunderstood. Unless the word 'Foundation' can be interpreted as expressing the subject matter of the act, such as 'promoting the well-being of mankind,' I must say

that I have grave doubts as to the validity of the three enactments which incorporated the Rockefeller, the Carnegie, and the Sage Foundations. I have only an opinion on the matter, and as no decisions cover the case, I am not confident. The title of the act incorporating the Carnegie establishment reads: 'An act to incorporate the Carnegie Corporation of New York.' Now the word 'corporation' certainly does not express benevolent."

If Foundations Were Dissolved.

When asked what he thought would happen if the courts dissolved the Rockefeller Foundation, the witness said:

"I should be very much surprised if the deed of trust had not provided for the return of the money to its original donors. If that provision has not been made, I imagine that the old common law that the real property—although I imagine there is little real property in this case—and the personal property would be forfeited to the State. But I do not think it was left in that predicament."

The witness said he was not sure that the Legislature had the foresight to reconstruct a charter such as this one, and he did not see how a failure on the part of a foundation to spend any part of its money within any year would forfeit its charter. He gave as some reasons why the foundation might be broken up as offending against the acts by which they were created, a violation of any of the provisions of its charter and failure to exercise its powers. Publicity, he said, was of first importance in drawing attention to any of these violations. Recourse might be had to the Legislature, he said, but such proceedings, while easy to start, would not get anywhere. He said there was nothing to prevent any one of the foundations from spending its own money in fighting its own dissolution.

"Does the concentration of such great power and wealth in the hands of a few men help industrial or social unrest?" asked Commissioner Lennon.

"Possession of such wealth by one man like Mr. Rockefeller, for instance," said the witness, "is more liable to create discontent and unrest than if it was given to such a foundation. I think we should encourage the transfer of private wealth to quasi-public institutions. I think it marks a distinct advance in the direction of the well-being of mankind for wealth to pass from legally irresponsible hands into the legally responsible jurisdiction of a group of persons to be administered."

The witness said he did not believe that a great charitable trust would be wisely administered by political agencies, and he suggested that a better way would be to have rigid supervision and inspection by the State.

Tells of Roosevelt Strike.

Antoni Wiater, one of the striking employes of the Liebig plant of the American Agricultural Chemical Company at Chrome, N. J., then testified. He said he had worked for eight years in the Chrome copper works, and by working Sundays, holidays, and overtime managed to make from $18 to $22 a week. Last Fall he was laid off with thirty other men on account of slack conditions and went to work at the Liebig plant. There he received $1.60 a day, and presented bills for the last month which showed that his expenses for the month amounted to a little more than $70. At first he said his grocery bill amounted to $35 a month, but it was evident to Chairman Walsh that he did not comprehend all the questions asked, and the amount was put at $10. The butcher's bill for the month was $10.70, the baker's $1.31, rent $9.50, coal and wood $5, with extras for insurance and clothing.

The acid in the works wore out a pair of shoes every month, he said, while he had to buy shoes as often for his children. No money was coming in now, he said, but the grocer and baker trusted him and he had given up meat entirely. He said he had only one suit of clothes, which had lasted him for nine years, but later he said that while working in the copper factory he had put by some money every month instead of spending it on clothes. All the time he was working for the Liebig Company he said he was running behind, and hoped to get back to the copper works in order to catch up. Wiater said he wanted to join a union, but couldn't because it cost a dollar.

A. Barton Hepburn was the next witness. He said he had read about the New Jersey strike in the newspapers and had talked with James M. Gifford, Vice President of the American Agricultural Chemical Company, over the telephone about it. Mr. Gifford, he said, told him that the men had struck for higher wages and shorter hours and that as only the laborers were affected and there were plenty of men taking their places he did not think the strike was serious or would last long. The next thing he heard about the trouble, he said, was the newspaper accounts of the shooting at Roosevelt.

The witness said he held 100 shares of stock of the company, valued at $10,000, and was only interested in it because since the panic of 1907 he was put on the Board of Directors because of his knowledge of finance. The Board of Directors, he said, met only four times a year and the Executive Committee had very large powers.

"Did you make any attempt to find out if the demands of the men were based on justice?" asked Chairman Walsh.

"I did after the shooting," said the witness. "But there was so much confusion that no one seemed to know anything about it."

Asked as to what extent he felt the stockholders and Directors of a corporation were responsible for labor conditions, Mr. Hepburn said that the board, as a whole, was responsible for labor and all other conditions. Asked if he felt the responsibility himself Mr. Hepburn replied:

Directors Not Responsible.

"No. When I selected the officers and committees my responsibility ended. We have many plants in various parts of the country and labor conditions are diffrent in every plant. The conditions have to be considered by the local people in charge in each case, under the supervision of the executive officials, of course."

The witness said he thought that workmen had a right, as a matter of common justice, to join labor unions. Industrial discontent, he thought, had been increasing for the last fifteen years due to the change of conditions in politics and business, which was taking place world over.

Mr. Hepburn was asked about his interest in the Rockefeller Foundation, and he said he thought that all foundations were very helpful as a means of offsetting social ills.

Morris Hillquit, the Socialist, was then called as a witness. He was asked what he thought of the character and social desirability of the Rockefeller, Carnegie, and Sage Foundations. He read his answer from a prepared statement, and asserted that in his opinion such foundations were, in the domain of philanthropy, what the trusts were in the field of industry.

Foundations Evolved from Trusts.

"The movement of philanthropic consolidation," said Mr. Hillquit, "bears a striking resemblance to the movement of industrial consolidation at the end of the last century, and just as the first great American industrial combinations were the Oil Trust and the Steel Trust, so the first of the gigantic philanthropic trusts were the Rockefeller Foundation and the Carnegie Corporation; the one so thoroughly saturated with oil and the other so firmly founded on steel."

Mr. Hillquit said the parallelism was not accidental, that the experience gained by the capitalists in their industrial pursuits was naturally transferred by them to the domains of charity, and methods of organization, economy, and efficiency were found to be equally applicable to all. No branch of the activities of the large foundation, said Mr. Hillquit, was concerned with the improvement of the general conditions of existence and standard of life of the American worker. Another striking feature of the large modern philanthropists, he said, was that they showed a decided concern in the welfare of foreign nations and a corresponding indifference to the needs of their own countrymen.

"While the Belgian relief ships were loaded with wheat, corn, and other foodstuffs from here," Mr. Hillquit, "tens of thousands of American workers, their wives, and children were going hungry. Many of the men in the lines have probably at some time been working in one or the other of the numerous industries in which Mr. Rockefeller has invested, have probably helped to augment his great fortune. They were not considered by the Rockefeller Foundation."

RESEARCH BUREAU ASSAILED, UPHELD

2/7/15

Not Catspaw for Rockefeller, Dr. Cleveland Asserts, but Dr. Allen Disagrees.

QUOTES MRS. E. H. HARRIMAN

Ex-Director Says Oil Man's Offer Made Her Realize 'Grasp Money Has on Country.'

HIS PROJECTS CRITICISED

Reforming of Tammany and Importing of Iceland Fish Cited—Industrial Hearings Here End.

The Bureau of Municipal Research was attacked by Dr. William H. Allen, one-time Director of the institution, and defended by its present chief, Dr. Frederick A. Cleveland, at yesterday's session of the United States Commission on Industrial Relations, in the Metropolitan Building.

The commission will hold its future sessions, in Western cities, except one either in New York City or Washington to give those witnesses who have been subpoenaed but have not testified an opportunity to answer the questions submitted to them. Among the number is Seth Low.

Dr. Cleveland was the first witness. He had written a letter to the commission stating that Dr. Allen had injected into the proceedings of the commission matters which reflected on the personal integrity and character of himself and his associates in the Bureau of Municipal Research and asked to be allowed to testify in his own behalf.

Why Dr. Allen Quit.

In his attack on the bureau Dr. Allen flatly accused the Directors of submitting to Rockefeller influence, and said that John D. Rockefeller, Jr., had laid down certain conditions which the bureau had to accept or forfeit Rockefeller donations. He said he severed his connection with the bureau when he found that R. Fulton Cutting and others were determined to accept Mr. Rockefeller's viewpoint.

Mr. Rockefeller, Dr. Allen said, offered $10,000 a year for five years and help in raising a total of $100,000 a year if the bureau would stop its out-of-town work and its postal card bulletins, divorce the training school founded by Mrs. E. H. Harriman from the bureau, not only in organization but physically, and stop its New York school work.

Dr. Abraham Flexner, Assistant Secretary of the General Education Board, sent a letter to the commission declining to answer certain queries addressed to him in a questionnaire submitted by the commission dealing with educational matters. He contended that Dr. Allen had a motive in framing them, and he would not lend himself to it.

Untermyer Offers Evidence.

Samuel Untermyer also sent a long letter to the commission submitting facts and figures compiled from an official source, in answer to the testimony of Jacob H. Schiff and J. P. Morgan, and in support of his own statement before the commission that the potential and eventual control of the majority of the great railroad systems of this country "is under the domination of two great banking houses in the City of New York and their allies and associates."

"I understand," said Dr. Cleveland as soon as he had taken the stand, "that Mr. Allen has been appointed a special agent to make inquiry into the Foundations and their influence, and that the form of the questions used in the examination of witnesses is tantamount to an implication that the Bureau of Municipal Research was subsidized by the Rockefeller Foundation and had changed its policy because of a gift of $20,000, and that Mr. Allen had resigned from the bureau because of the Rockefeller influence."

"What is it that has been injected into the proceedings of this commission which you think reflects upon your integrity?" asked Chairman Walsh.

The witness said he would have to consult the records to get the exact questions, but that they seemed to indicate that the officials of the bureau had been bought up for $20,000, and were simply acting as a catspaw for John D. Rockefeller, Jr.

Reflection of Director.

"Certainly that would be a reflection on you if such were the case," remarked the Chairman.

Dr. Cleveland told of Dr. Allen's connection with the bureau. He said that during the last three years of Dr. Allen's work with it his methods had given offense to the Trustees, that he had been asked to resign, and that many Directors of the bureau resigned because of his attitude.

"The only pledges that have ever been made with any conditions whatever attached by Mr. Rockefeller have been obtained by Dr. Allen," said the witness. "Dr. Allen's views were never in harmony with those of the other Directors. His attacks upon noted Directors were resented by all the Directors. A considerable part of Dr. Allen's time has been given to trying to raise an endowment of $10,000,000 for the bureau. We have letters he wrote to various prominent men in this connection."

"Do you consider that reflects upon the integrity of Dr. Allen?"

"I hold that Dr. Allen's investigation is being conducted not wholly ingenuously. Then he comes out as a missionary and this commission has employed him as an agent. He is not unbiased or unprejudiced, and this commission is not apt to get the truth. As I understand it, a person can be put in the position where he is limited and the whole truth does not come out. The 'other side' is not heard."

As an instance of objectionable methods, Dr. Cleveland said that Dr. Allen had given an assignment to one of the bureau's investigators to see if "Tammany Hall could not be reorganized and made a veritable bureau of municipal research," and that, on one occasion, Dr. Allen wanted to find out "if it would not be profitable to bring fish from Iceland."

Quotes Publicity Rhyme.

To exemplify Dr. Allen's method of furthering the publicity of the bureau, the witness quoted this verse that the ex-Director had sent out:

The cat's in the dumps,
She's annoyed with the dumps,
And nothing is really worth while.
Her brain it is fogged,
Her nose it is clogged,
And she's wearing an adenoid smile.

Before Dr. Allen testified, Robert W. Hebberd, who for sixteen years had been Secretary of the State Board of Charities and for four years Commissioner of Charities in New York City, took the stand for a few minutes. He told how Jerome D. Greene, Secretary of the Rockefeller Foundation, had objected when a Director of the American Federation of Sex Hygiene to the use of the union label on the stationery of the federation. When the other Directors said that to use the label might strengthen the organization with labor people, Mr. Greene had consented to its use in any correspondence with unions.

"Did Mr. Greene give any reason for his objection?" asked Mr. Walsh.

"He said it was undemocratic," replied the witness.

"The funds of the organization," said Mr. Hebberd, "are gone. It is absolutely under the control of Mr. Rockefeller's men, and the board has its hat out to Mr. Rockefeller."

Dr. Allen took the stand and told of Mr. Rockefeller's offer of $10,000 a year for five years, which, he said, was to be increased later to $20,000 a year if the Bureau of Municipal Research would abandon part of its work. The witness said that R. Fulton Cutting, in telling of the offer, said: "They are most amazing people, most amazing. If it weren't for the money I wouldn't have sat in the room and listened to them."

Mrs. Harriman's Comment.

Dr. Allen said he had sent the principal Rockefeller conditions in writing to each trustee, and that Mrs. E. H. Harriman had sent for him and with the letter in her hand said:

"Mr. Allen, I am going to keep this letter as long as I live. Nothing has ever made me realize as does this what a grasp money has on this country. Who is this man and what has he ever done to justify his telling the Bureau of Municipal Research what we may or may not do? What has he ever done for New York that makes him the proper judge of our work? And what is his paltry $10,000 toward our programme?"

The witness said Mrs. Harriman told him not to recognize the Rockefeller offer. On another occasion, he had a discussion with Mr. Cutting regarding the Rockefeller proposals, the witness asserted, and when Mr. Cutting told him he hoped he would head the out-of-town work he (Dr. Allen) replied:

"I told him that never again, as long as I lived, would, if I knew it, take money from a man who would go back on a movement at the height of its success. When he pleaded that Mr. Rockefeller's Standard Oil influence would force a distinguished and venerable philanthropist to give money to a cause he did not want to help, I told him that our kind of work could not be done with that kind of money."

The witness said that at a meeting of the board on May 13, a month after the Rockefeller proposals were made, the members spent most of their time trying to show why the proposals should be accepted. Mr. Cutting, he said, pleaded the board's inability to raise funds, and Prof. E. R. Seligman of Columbia University said:

"Gentlemen this is a very simple

HILLQUIT SEES MENACE IN BIG FOUNDATIONS

N.Y. Evening Sun 2/5/15

Says They Seek Now to Control Education Even.

2/5/15

Mooris Hillquit, the Socialist leader, was recalled to the witness stand when the hearings of the Federal Relations Commission were continued this morning in the assembly chamber of the Metropolitan Life building.

Mr. Hillquit saw danger in the Carnegie pension system and thought it would exert a baneful and insidious influence over college professors. He charged that the great industrial corporations have robbed the people of their economic independence, establishing an industrial feudalism, and were engaged now in a "bold assault" on the intellectual independence of this country.

Even the attempt to foster insect killing birds offered a target for the Socialist, who declared: "The domestic birds have been discriminated against. Native humans have sufferred in favor of the stricken Belgians."

The large foundations, such as the Rockefeller, Sage and Carnegie benefactions, are mistakenly designated as philanthropies, Hillquit alleged, branding them as supplements of large business. The investigation now under way by the Rockefeller Foundation to study the causes of industrial unrest and try to remove them was called by Hillquit "one of the most arrogant challenges ever issued by an individual against the Government and the people." He accused Rockefeller of "pitting his hundred millions against the modest Government appropriations."

The $100,000,000 of the Rockefeller Foundation can accomplish anything—good or evil, according to Hillquit, and the wielding of this tremendous task is intrusted to a few—in fact, to one man in the final analysis.

The witness fixed $100,000 as the maximum amount any person could earn by his own industry.

proposition. The Rockefellers have determined to eliminate the bureau and Allen from the Maxwell-Churchill school fight."

The witness, it was inferred, meant the contest between Dr. W. H. Maxwell, City Superintendent of Schools, and Thomas W. Churchill, President of the Board of Education.

Warning to Trustees.

"I told the trustees," Dr. Allen continued, "that the acceptance of these conditions or the withdrawal at Mr. Rockefeller's instance from even one field of public education would make me feel that my personal reputation was tarnished, that the reputation of every man who had been associated with us was tarnished, that the world would never believe one of us and would not believe in the integrity of public officers who had gone out from my group or with whom we had been intimately asspciated, and that such an act would seriously injure every bureau of municipal research in the country."

At another point Dr. Allen made this statement:

"In April, 1914, the Bureau of Municipal Research, with its Training School for Public Servilce, with ideals and courage and reputation not yet Rockefellerized, was exerting a greater influence with its few thousands a year than Mr. Rockefeller with his $150,000,000 devoted to education and philanthropy. Vassaldom has taken the place of leadership, and the New York Bureau of Municipal Research, in spite of its creditable record for constructive, courageous, fearless promotion of public knowledge of public business, has become the chief apologist for Mr. Rockefeller's method of bringing the bureau itself into line."

At still another point the witness declared:

"The charge that the Bureau was going into the educational field is false, so far as New York is concerned, and it is only of New York that Mr. Cutting testified. The only strictly pedagogical matter that ever went out from the Bureau had to do with a study, supervised by me at the request of Principal Maidel of Public School No. 188. For this study my colleague, Dr. Cleveland, claims full credit. All these issues are false issues which it is a pity to talk about. The real issue is politics, school politics, city politics, foundation politics."

How to Control Foundations.

Dr. Allen put forward some suggestions as to how large Foundations should be controlled. He thought it would be wise to limit the charters of such institutions to twenty years, with right of renewal by the same process as originally granted; that a foundation should be prohibited from making investigations of colleges and agencies except such as had sought aid of the foundation, and that there be greater publicity, with strong safeguards against misleading publicity. Another recommendation was this:

"That no foundation be chartered for the purpose and with the power of giving away money to any organization of individuals or to a college or civic or charitable agency; that only agencies be chartered which will direct the spending of money given away and assume responsibility for the efficiency and safety of the results, and that all national charters include provisions for public examination of records, subject to reasonable restrictions such as obtain in inspection of Governmental records."

Dr. Allen ended his testimony with the suggestion that the present commission start an inquiry into Andrew Carnegie's Peace Fund, the effects of which is to prevent the present war, and inquire how its funds have been spent.

After the commission adjourned subject to call, Mr. Walsh said that the next hearing would be held in Chicago about the middle of March, when the condition of labor in the railroad industries would be taken up. Following this will be hearings at Houghton, Mich., to consider metalliferous mining. At the end of March at Atlanta, Ga., the textile industry will be taken up. About May 1, at Washington, there will be held inquiries into labor disturbances, violence in strikes and lockouts, the drift of women to industry, the effect of remedial legislation on interstate affairs, competition in manufacturing industries, child labor, and minimum wage laws. A session may be held in Boston on May 15 for the consideration of Eastern textile industries, department stores, absentee ownership, and other subjects. Later there will be a session in Pittsburgh, where the steel industry will be considered.

Banking Control of Roads.

Mr. Untermyer, in his letter to the Chairman, said his assertion that the majority of the railways of the country were controlled by two great banking houses—Kuhn, Loeb & Co. and J. P. Morgan—was not based on surmise, opinion, or suspicion, but was founded on provable facts and was supported, among other things, by the official findings of a Congressional Committee and by the oral and documentary evidence furnished by the representatives of these banking houses and others.

"The conclusion that there is such control," wrote Mr. Untermyer, "was not intended to and does not involve, an attack upon, or criticism of the members of these banking houses. It is the fault of our Governmental system and it is due to the absence of proper regulative laws, such as exist in other countries. It is not necessary here to discuss the extent, if any, to which the influence of those gentlemen is responsible for the absence of such laws and for the grave abuses that have grown out of this defective system.

"The observations made by me were entirely impersonal, and I have yet to learn of any attempt to refute the facts, unless the very sweeping unsupported and inconsequential statement of Mr. Schiff of Kuhn, Loeb & Co., to the effect that it was all 'sheer nonsense,' may be looked upon as rising to the dignity of an argument or refutation of the facts presented. I take the opportunity in this connection of expressing my high regard for the character and public spirit of Mr. Schiff and for his exceptional judgment on subjects in which he is not obsessed by self-interest; but the situation affects too closely the people of the country and is too far-reaching in its results to be disposed of by the mere ipse dixit of one of the interested parties, however eminent and well intentioned."

Hits at Mr. Morgan.

Regarding the denial made by Mr. Morgan, Mr. Untermyer said:

"The fact that Mr. Morgan has 'never noticed' that his firm and that of Kuhn, Loeb & Co. together dominate a majority of the great systems (I did not say of all the railroads of the country) is neither persuasive nor surprising if he knows as much or as little about such conditions he he professes to know about the corporations of which he is a Director."

Mr. Untermyer said that, in his opinion, the remedy for the increasing banking domination lay in more effective public control, in the reform of the methods of selecting Directors, a better form of representation for stockholders, in paying Directors adequately for their services, and in holding them to a high degree of responsibility. He suggested the enactment of a national corporation law under which all interstate corporations would be required to incorporate with certain safeguards for stockholders, including the right to minority representation and the abolition of proxy voting, and the passage of a law for the reorganization of insolvent corporations, similar to the British and German laws, and a smaller number of Directors, with greater corresponding responsibility.

Mr. Untermyer also suggested that no securities be issuable, except with the approval of the Interstate Commerce Commission; that the funds of interstate railroad corporations be deposited only in incorporated banks, and not with private bankers, and that the system of fiscal agents be abolished and that

curities of corporations be sold under proper safeguards by public offerings or by a form of competitive bidding, to be prescribed by the Commerce Commission.

"With the inauguration of these reforms," wrote Mr. Untermyer, "I believe that the development of our railroads will proceed with better satisfaction to the public than under Government ownership, and that banking control will be reduced to a minimum."

GIVING AWAY $50,000 DAILY.

How Carnegie Started on $7,500, Made Millions and Spends Them.

In testifying before the United States Commission on Industrial Relations on Friday, Andrew Carnegie laid stress on the fact that he had spent in philanthropy in the way of foundations, pensions, hero funds and other gifts $24,657,990. The ironmaster did not specify in detail the sums that made up this huge total. He went at considerable length into certain donations and told how the money was being used, but on some of his most important gifts he did not touch at all, and Chairman Walsh of the commission did not insist on a statement.

From the time Mr. Carnegie started giving money away, it is estimated he has parted with about $20,000,000 annually, or at the rate of about $50,000 a day. Probably Mr. Carnegie himself does not know how much he has depleted his fortune by. A year ago it was estimated roughly at $300,000,000, but by such admission on Friday this had crept up nearly $25,000,000 more. In 1912 the amount of the steel man's donations was put at $208,335,000, made up as follows:

Hero funds	$12,250,000
Foundation for Advancement of Teaching	15,000,000
Institute at Washington	22,000,000
Colleges in United States and Canada	20,000,000
Colleges in England	6,800,000
Trust for the universities of Scotland	10,000,000
Dumferline Trust	1,500,000
Institute at Pittsburgh	22,000,000
Relief fund (for steel workers)	4,000,000
For church organs	4,000,000
Building for Bureau of American Republics at Washington	850,000
Building for Hague Peace Tribunal	1,500,000
Endowment for International Peace	10,000,000
Libraries	50,350,000
Carnegie Corporation of New York	25,000,000
United Engineering Building New York	1,500,000

Started on $7,500.

The stenographic minutes of his testimony revealed yesterday several side lights on his method of gathering his huge wealth and how he set about to do it. At one point he said:

"We began manufacturing with a capital of $7,500; my share I borrowed from a bank in Pittsburgh. When Superintendent of the Pennsylvania Railroad I had seen a wooden bridge burn, blocking traffic for eight days, and I believed in iron bridges; the day of steel had not yet arrived. From this small beginning grew the Edgar Thompson Steel Works, Homestead Works, Duquesne Works, the blast furnaces and locomotive works at Allegheny, our gas wells in West Virginia, and the great ore fields we bought from Mr. Rockefeller.

"It is fourteen years since I retired from business, in pursuance of my decision to cease accumulation and begin distribution of surplus wealth, in which I am still engaged. In 1888 I published an article in The North American Review which was afterward christened 'Gospel of Wealth' by Mr. Gladstone. He commented upon it in The Nineteenth Century. It attracted attention, and many answers were sent to this magazine."

"In accordance with this doctrine, my first act upon retiring from business was to give $5,000,000 to the workmen of the Carnegie Steel Company as a parting gift, $4,000,000 for pensions to the men and $1,000,000 to maintain libraries and halls I had built for them. I was greatly pleased when later the United States Steel Corporation saw fit to duplicate my gift, adding $4,000,000 more to the fund for pensions. I have just read the following report of this joint fund with great satisfaction:

"'The fourth annual report of the United States Steel and Carnegie Pension Fund, made public today, shows that since Jan. 1, 1911, when the fund was established, retired employes of the Steel Corporation have received in pensions 1,575,021.33. For the year 1914 the total disbursement from the pension fund amounted to 511,967.90, which was a gain over the previous year of $89,152.76, and a gain of $250,510.53 over the first year of the fund's existence.

Pensions to Mill Men.

"'The Pittsburgh district leads in the amount of money paid out to the aged and infirm former employes of the various subsidiary companies. To retired mill operatives in the Pittsburgh and valley districts the sum of $222,656.33 was paid during the year, and to this may be added the sum paid to the coke workers in the fields adjacent to Pittsburgh, which amounted to 59,905.66, making the total for the mills and mines in the district $283,651.99.

"'Pensioners in Cleveland and its vicinity received approximately $50,000. In the Chicago district the amount distributed to former mill workers was $50,157.86. In New England retired employes of the Worcester, Mass., plants received $20,535.56.

"'There are now 2,521 beneficiaries of the fund. During the year 612 pensioners were added and 183 died. The average pensions of the cases added were $20.40 a month, the average age of the pensioners being 63.33 years, and the average term of the service 28.76 years. Under the rules of the fund not less than $12 nor more than $100 a month is paid.'

"The Hero Fund, which I was privileged to found, has always interested me most deeply, perhaps because the idea came to me through personal experience. Mr. Taylor, who was formerly Superintendent of a coal mine near Pittsburgh, heard that an accident had occurred and immediately drove to the mine, called for volunteers to descend with him to the rescue of those below. A number promptly responded and many were saved, but Mr. Taylor, the volunteer hero, lost his life. Here was the true hero of civilization who save and serve their fellows. The hero of barbarism wound and slay theirs.

"I could not rest until I had founded hero funds with a total capital of $11,790,000. The report of the annual meetings held at Pittsburgh on Jan. 20 shows awards given to forty heroes or their wives and families, with a total of 1,027 awards since the fund began operations. Every case is most carefully investigated. We require absolute certainty and proof given by witnesses. We find the Mayors and leading citizens of all communities most anxious to aid us to obtain such proof."

Proud of the Institute.

Mr. Carnegie dwelt with pride on what the Carnegie Institute of Pittsburgh had accomplished and described how the students there had earned in their spare time a total of $291,589.62.

After inviting the members of the commission to attend the next annual meeting of the institute at Pittsburgh, the ironmaster gave this evidence of how the young men there are trained:

"Some were at first apprehensive that our workmen would not favor the Technology schools, which teach young men advanced modes of workmanship. These fears, however, have proved groundless. The men are sending their sons to the institute and rejoicing that they are to be advanced and rendered capable of higher scientific service. This step in advance is endorsed by the unions, and let them be credited therefor. Another proof that labor is fast supplanting prejudice! I predict that many of these pupils are to rise to eminence and be a source of happiness and pride to their parents."

The matter of pensions is close to Mr. Carnegie's heart, and he told in these words how the scheme was working out:

"There is another department I had not supposed it would be necessary to mention, but consideration has led me to believe that it is much better to make no exception whatever.

"After retiring from business I soon found that the widows of friends who passed away weresorely troubled how best to secure the safety of funds left to them. I volunteered to accept the money of one widow, giving her my note for the amount and agreeing to pay 6 per cent. a year. The relief she felt was so surprising that I continued doing this as other dear friends passed away, until the number of depositors has now reached 148, with a total of $3,137,394.20 in deposits. I do not know o fany service to widows which brings such relief. It relieves the widow of doubt about the security of the fund upon which she is able to live in comfort. Of course, the deposits and security are regularly examined by a representative of the State Department of Banking. Six per cent. is a higher rate than banks would pay, but I feel quite justified in being liberal."

Summing up his benefactions, Mr. Carnegie added:

"The complete statement up to the close of last year shows that the total of our Foundations and gifts amount to $324,657,539. The work still goes bravely on, thanks to the wise management of the able and willing Trustees, and also of the employes, who often assure me that it is labor in which they delight. I am indced a most fortunate man, and thank myself in nothing else so happy as in a soul remembering my dear friends, to whom I owe so much."

Mr. Carnegie was asked by Chairman Walsh if he ever had observed that in granting money to an educational institution, an individual, or an institute might alter the beneficiary's avowed principles or previous methods of procedure in order to secure other gifts, and the witness, with much elation, told how men sometimes band together for harm and then frequently defeat their own purposes. He said:

"Of course, with more money you get into some fix you would not otherwise get; you get better instructors, perhaps, in certain lines, and I will tell you, Mr. Chairman, one rule that I think you might use here, whenever a body of men bind themselves together to do anything mean, low, and disreputable or unjust—for instance, take New York here, just as an illustration. You know we have a bad reputation for getting up arrangements for depressing one stock and boosting another, and they go into engagements that way, and you can imagine a lot of irresponsible men and bad men may be joined together and say, 'Now, let us do this with that stock, or let us put it up to this.'

Why Law-breakers Fall Out.

"Now the reason that it is so seldom successful, is this: You cannot get a body of men—such men as we are talking about—to organize and agree to do anything that would be injurious or to break the laws, or anything of that sort, because the head man will say to himself, 'All these men are engaged with me in a precarious operation just now, and would not like to expose it; but they are like myself. They may be taking care of themselves. Now I will hedge on them.' And it is a rule, if you follow it through life, wherever men bind themselves to perform anything wrong and mean and disgraceful, or to gamble in stocks, which is about the most deleterious sort of gambling, because it is so often done. Wherever they are joined that way, two or three of them are pretty nearly sure to get ahead of the others that they suspect, and they hedge themselves, and more pools have been broken up by men who have got an advantage of their fellows. They are cheating each other. That is my observation in their case.

"But when you get a lot of able, good men capable of making their fellows' conditions better, of elevating the world and standing for all that is refined and pure and noble, you can always depend upon such men. And it would be as great a miracle that there should be a bad man in that line as that there should be a Judas Iscariot among the Apostles."

PROTESTS TO WALSH ON ALLEN'S CHARGES

F. A. Cleveland Demands Bureau of Municipal Research Receive a Chance to Reply.

CALLS ACCUSATIONS FALSE

Magazine Editor, Who Wanted to Testify Before Industrial Relations Commission, Complains.

F. A. Cleveland, Director of the Bureau of Municipal Research, yesterday wrote to Frank P. Walsh, Chairman of the Federal Commission on Industrial Relations, protesting against the manner in which the testimony of Dr. William H. Allen that the bureau had been unduly influenced was introduced, and asking that an opportunity to answer it be given to the Bureau. He said in part:

"Your commission in the exercise of powers conferred on it by the Federal Government has chosen to put Mr. Cutting and me in the position of making answer to innuendoes and questions that imply a belief that we and our associates have been "bought," and are no longer worthy of public confidence. You have waited until after our testimony was submitted on indefinite and implied charges to put your special agent, Mr. Allen, on the stand.

"You knew that Mr. Allen had a bias and your commission has actually employed him for weeks with public authority to ransack private offices for material to support his preconceived conclusions. You have put him on the stand in the afternoon of the last day of your hearings in New York, thus giving no opportunity to answer publicly direct statements which are false and misleading.

"Therefore, I ask that this letter be read into your record as a protest against such use of the inquisitorial powers of the Federal Government, and I also ask on behalf of the bureau that it be given an opportunity to file an answer."

As an instance of the sort of thing he complains against Mr. Cleveland refers to the report of a conversation between Mrs. E. H. Harriman and Dr. Allen, which he asserts the latter represented unfairly in his testimony. He adds:

"Mr. Allen is also reported to have represented conversations with Mr. Cutting and other Trustees which to my own personal knowledge, having been present at the meetings referred to, are absolutely false, and if such representations were made by Mr. Allen, as is reported in the public press, they have no other purpose than to get into your record allegations by him that would defame the character of his former associates at a time when it was known to him that no opportunity would be given to test his credibility as a witness."

Paul U. Kellogg, editor of The Survey, yesterday gave out correspondence between himself and Mr. Walsh, who refused on Saturday to call Mr. Kellogg to the stand before the commission. Mr. Kellogg says that in October Mr. Walsh charged him with publishing in The Survey, under compulsion of "his patrons and masters," an editorial on the investigation of industrial relations by the Rockefeller Foundation, and quotes an article referring to the matter published in another magazine and written by George Creel, which he thinks reflects Mr. Walsh's opinions.

His demand to be called to the stand, that these criticisms of his action be threshed out, was refused by Mr. Walsh in a letter dated on Saturday, on the ground that "it would be exceedingly bad taste, as well as highly improper from a public standpoint, to inject the same into a public hearing of the commission." He offers to discuss the matter with Mr. Kellogg in the columns of The Survey or any other publication.

Ref 11/18/15

WALSH'S WISDOM.

One could be forgiven a feeling of hot indignation at some of the talk, yesterday, by Frank P. Walsh, chairman of the United States Commission on Industrial Relations. Here is a man about to preside over a quasi-judicial inquiry, beginning in this city to-day. In advance he lashes wildly at those who are to be investigated. He condemns them before they are heard. If a real judge were to do this, he would be ashamed to go home and look his wife in the face. But it is impossible to be long angry with Chairman Walsh. As you go on watching wisdom bubble from him, you are moved rather to wondering laughter. Where has this wise man been hidden all these years? We are told merely that, before taking office, he was a St. Louis lawyer. But how was it that large hotels were not built near him, in order to accommodate people hastening from all parts of the land to sit daily at his feet and drink in wisdom? Why did not the St. Louis railroads increase their revenues by running excursion trains loaded with passengers carrying social "problems" to Frank P. Walsh for solution?

For, evidently, nothing is beyond his powers. He comes to New York and goes over to the East Side Forum, and in a single hour's speech he disposes of question after question that has for years tried the brain and heart of philanthropists and reformers and statesmen. But they never had the advantage of hearing Walsh. Familiar as his garter, he unlooses one Gordian knot after another. Unemployment? Bless you, he can tell you in five minutes what to do about that. Banks, corporations, taxation, tariffs? He has a neat little formula for each. While you wait, he reaches into the capacious pigeon-holes of his mind, and pulls it out, all docketed and labelled. It's a thousand pities that the Germans never heard of Chairman Walsh. They would have surely made him their Chief of Staff, and then the story of the war would have been different.

It is difficult to study Mr. Walsh in detail, as the grand and general view of him so fascinates the mind. He showered his pearls of wisdom so profusely about him that it is hard to pick up one and say that it is more beautiful than the rest. For ourselves, we greatly like his tariff pearl; it is so large, so shiny, so obviously made of paste. Among his "definite suggestions," Chairman Walsh puts first his plan to take "tariff benefits" away from "any employer who overworks his men or beats down wages or exploits women or children." So easy, so simple! All that Mr. Walsh would have to do would be to draft a tariff act, necessarily general in terms, that would yet be so minute that it would exactly fit the case of John Anderson, of Liberty Corners, who compelled one of his blacksmiths to nail on a tariff-protected horseshoe after six o'clock. Then we could promptly take away John's tariff benefits. So with the banks. They ought not to be run to earn dividends, but to render the largest amount possible of "social service"; and the finest form of social service, according to Mr. Walsh's way of thinking, would be to take away the dividends of all banks and of all corporations that were not conducted as he believes they ought to be. But there is really no end to the things he would do, if given half a chance. He passes lightly from closed door to closed door, to unlock each one of which he has a skeleton key all ready. Again we ask, where has this miracle of knowledge, this fountain of social wisdom, been so long concealed from the admiring gaze of Americans?

Somehow, we fear that he will not long be with us. We don't mean that he will run dry. It is of the nature of Walshes to flow on forever. But his little day of publicity will soon draw to a close. We have seen his like before. There was Terence Powderly, for example. It was his function, for a few brief months, as it seems now to be that of Chairman Walsh, to rebuke and instruct the nation. Congressmen hung upon his words, and asked him, with the greatest deference, what particular changes he would make in the United States Constitution. And Powderly, too, like Walsh, was very strong on the duty of "making work." No honest workingman, he used to maintain, would keep an empty bottle in the house. He would smash it, so as to give employment to a glass-blower and a brother. Similarly, Chairman Walsh would "make places for those now out of work" by reducing the hours and increasing the wages of those who are at work. Columbus's egg was nothing to this.

Ridiculous as is the figure which Mr. Walsh cut in his remarks yesterday, which were reckless and half-baked, in addition to being grossly improper for one in his position, we must not be as rash as he is. It does not seem as if anything good could come from him and his inquiry, yet something may. One good thing would be a thorough discrediting of his entire method of investigation. It seems to be thought that, by asking fifty-seven questions of A and thirty-nine questions of Z, you are certain to elicit profound truths. All that you bring out, however, may be only ignorance and prejudice, to match your own and further confuse you. In fact, this whole Commission on Industrial Relations seems to be akin to the inquiries of which we used to hear so much into the relations between religion and science. One exhaustive report concluded by the solemn affirmation that such relations undoubtedly existed! And we are sure that Chairman Walsh would make oath that there are such things as Industrial Relations.

THE HUMBLE BUT NECESSARY FACT.

The Industrial Relations Commission is gone and our foundations—with or without Capitals—have not been perceptibly shaken. A great many people must still be in a fog as to just what the Foundations have to do with industrial relations. But let that pass. The Italians say that it does not matter if a good story is not true, if it is to the point. Put it the other way and say it does not matter if an investigation committee goes in for something that has no connection with its legitimate subject of inquiry, provided it finds out something that is true. With regard to the Foundations, the Industrial Commission has found out nothing. What it tried to discover was a menace to democratic institutions and the social welfare in the great agencies set up by multi-millionaires.

Theoretically, such a suspicion might be justified. Any vast accumulation of wealth is a power, and if Mr. Rockefeller or Mr. Carnegie were so inclined, their Foundations might be employed to impose their wills, their views, or their fads upon a nation, openly or in subtle ways. In theory, Mr. Rockefeller's gifts to education might be employed to shape the course of educational development in accordance with his views. In theory, his gifts to municipal research might be an influence for anti-democratic developments in municipal government. In theory, Mr. Carnegie's pensions to professors might corrupt university teaching, and his gifts to libraries might be used to force upon the people the wrong books for them to read. It might even be that the large charities of these two men would do harm by dulling the public conscience towards the methods by which such great fortunes were amassed. At their worst, the Foundations are a menace to democracy; at their best they are a sop to the public conscience—such is the theory.

But what are the facts? What instance of intimidation or corruption has brought to a head this fear of the Foundations? None. The question is not one of defending these institutions against unfounded suspicion. There is a broader issue involved: the habit of casting ourselves with fury upon an "issue," not only in the absence of facts, but in total contradiction of facts. For what is the truth with regard to the corrupting influence of the Rockefeller and Carnegie gifts upon social conditions? The University of Chicago has absorbed millions of the Rockefeller money and grown increasingly radical on the rich diet. The corrupting influence of Mr. Carnegie's pensions to college professors is evidenced by the extraordinary increase in radical thought in all the colleges. A dozen years ago the college professor and the college students were the Tories of these United States. To-day, under the insidious demoralization of Oil and Steel money, the colleges have organized Socialist fraternities and Socialist study clubs, and men like Albert Bushnell Hart have been bribed by Messrs. Rockefeller and Carnegie into supporting Mr. Roosevelt and the Bull Moose platform.

Are these the menacing developments which forced the Industrial Commission to dig into the Foundations? Some consciousness there was in the Commission that no fearful indictment could be framed against the Foundations on the record of the past. But there was the future. The Commission tried hard to find out the dreadful things that had not happened but were bound to happen. They tried hard to get at the "facts," and the nearest they came to the facts was in the testimony of Mr. Hillquit, as representative of responsible Socialist opinion. Suppose, said Mr. Hillquit, that the issue of Government ownership of railroads came up in 1916, or maybe in 1920, and suppose that the Rockefeller Foundation were opposed to Government ownership of railways, can you imagine what one hundred million dollars would do to swing the election the way Mr. Rockefeller wanted it to go? Hardly a fact, this menace based on two suppositions; but assume that Government ownership is up in 1916, and that Mr. Rockefeller is opposed to the idea and sets his Foundation to work. What then? If every precedent and every indication of the public temper to-day count for anything, the intervention of Mr. Rockefeller against Government ownership of railways would insure the triumph of Government ownership; and if Mr. Rockefeller was in favor of Government ownership, Government ownership would be beaten. This state of the public mind is a fact which we commend to the attention of Mr. Hillquit and the Industrial Commission.

The national conscience shows no signs of going to sleep under the anodynes of Messrs. Rockefeller and Carnegie. The Industrial Commission does not really believe that the Rockefeller money for the Belgians, for cancer research, for hookworm, for colleges, has won popular opinion to the old methods of Big Business. Is the nation-wide outburst of horror and resentment over Colorado an instance in point? Colorado is one of the real facts which the Industrial Commission might have pondered over when it set out to battle against the menace of the Foundations.

(See Page 21)

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General Education Board Report

EDUCATION FUND SPENT $39,715,720

Rockefeller Board Issues the First Report of Its Twelve Years of Activity.

IT HAS $34,000,000 LEFT

Administrators, Though Authorized to Use Principal, Have Decided to Keep It In Reserve.

12/17/14

Some of the most important benefits achieved in national educational work through the $52,000,000 endowment given by John D. Rockefeller have been made public. That the expectations of the donor for the development of his great project have been met in a large measure is indicated by this preliminary statement issued yesterday:

The General Education Board, founded by John D. Rockefeller, to promote education within the United States, "without distinction of race, sex, or creed," and now equipped with funds for that purpose amounting to nearly $34,000,000, will, on Jan. 1, issue the first comprehensive report covering its twelve years' activity.

The first installment of that report, now made public, sets forth the manner in which the funds of the board have been used.

The administration of these funds is in the hands of a board consisting of Frederick T. Gates, Chairman; Walter H. Page, American Ambassador in London; J. D. Rockefeller, Jr., Albert Shaw, editor Review of Reviews; Wallace Butterick, Starr J. Murphy, Edwin A. Alderman, President University of Virginia; Hollis B. Frissell, Harry Pratt Judson, President University of Chicago; Charles W. Eliot, Emeritus President Harvard University; Andrew Carnegie, Edgar L. Marston, Wickliffe Rose, Jerome D. Greene, Anson Phelps Stokes, Abraham Flexner, and George E. Vincent, President University of Minnesota.

Up to June 30, 1914, the Board had appropriated directly $15,894,355. Out of funds held by the Board "to be applied to such specific objects within the corporate purpose of the Board" as Mr. Rockefeller or Mr. John D. Rockefeller, Jr., might direct, the following gifts have been made:

(a) To the University of Chicago	$13,554,843.99
(b) To the Rockefeller Institution for Medical Research	10,267,022.10
(c) To the General Education Board	1,239,330.38
	$25,061,196.47

Thus the total benefactions already distributed to outside institutions through the medium of the General Education Board have amounted to $39,715,720.

According to the report, the first permanent endowment, received June 30, 1905, and amounting to $10,000,000, was expressly designed to furnish an income "to be distributed to, or used for the benefit of, such institutions of learning, at such times, in such amounts, for such purposes, and under such conditions, or employed in such other ways as the Board may deem best adapted to promote a comprehensive system of higher education in the United States." The limitations on the use of this gift were subsequently removed.

In February, 1907, a further gift of $32,000,000 was made, "one-third to be added to the permanent endowment of the board; two-thirds to be applied to such specific objects within the corporate purpose of the board," as Mr. Rockefeller or Mr. John D. Rockefeller, Jr., might direct, "the remainder not so designated, at the death of the survivor, to be added to the permanent endowment of the board." This addition to endowment was accompanied by no restriction whatsoever as to the specific educational objects to which its income was to be devoted.

On July 7, 1909, Mr. Rockefeller increased his benefactions by the gift of an additional $10,000,000, at the same time authorizing and empowering the board, in its discretion, to distribute its entire principal or any part thereof, and releasing the board from the obligation to hold his gifts in perpetuity. Besides the sums above specified as contributed by Mr. Rockefeller, the board received, April 17, 1905, the sum of $200,000 from Miss Anna T. Jeanes for the "assistance of the negro rural schools in the South."

At the present time the board's resources are valued at $33,939,156, of which $30,918,063 is general endowment and $3,021,093 reserve fund. The gross income from these funds for the year 1913-14 was $2,417,079.62. In addition the Anna T. Jeanes Fund of $200,000 yielded a gross income of $9,231.64.

The board's appropriations up to June 30, 1914, have been as follows:

Colleges and universities	$10,582,592.80
Medical schools	2,670,874.11
Negro colleges and schools	699,781.13
Miscellaneous schools	159,991.02
Professors of secondary education	242,861.09
Southern Education Board	97,128.23
Rural school agents (both races)	104,443.18
Farm demonstration work—South (including boys' and girls' clubs)	925,750.00
Farm demonstration work—Maine and New Hampshire (including boys' and girls' clubs)	50,873.45
Rural organization work	37,166.66
Educational conferences	18,108.23
Administrative expenses	304,794.99
Total	$15,894,355.89

Although the men composing the Board of Administrators were authorized five years ago by the removal of all restrictions to dispose of both the principal and interest in the fund in their discretion, they have decided that the best service for future educational development may be accomplished by continuing the life of the benefaction and they have accordingly retained nearly two-thirds of the fund, including a reserve, appetite for knowledge and culture could be readily stimulated and gratified. At the same time it has not passed by older institutions otherwise located.

A second factor of immense importance, particularly in the early days of development, is the relationship of the college to the religious denomination. It has already been pointed out that religious bodies have very unwisely overmultiplied colleges, thus scattering students and resources.

But, on the other hand, they are entitled to the credit of having founded and maintained most of our really substantial private foundations. Their loyalty to the college has, as a rule, not ceased, even where the denominational relationship no longer holds.

Yale, founded and long controlled by Congregationalists, is still their pride, even though in scope and ideal it has little in common with the small college established to provide an educated ministry for the denomination. Princeton owes as much to Presbyterianism—Brown to the Baptists.

Of the newer colleges and universities out of which the future Harvards, Yales, Princetons, and Browns must come, most of them are of denominational origin and most are still the objects of denominational care.

An effort to develop a system of higher education in the United States requires therefore constant and sympathetic co-operation with denominational organizations. Only thus can certain promising institutions be aided. Only thus can a movement toward concentration of denominational effort be promoted.

It was tentatively estimated that an efficient college should enjoy an income from endowment covering from 40 to 60 per cent. of its annual expenditure. Moreover, the expense of conducting colleges and universities is bound to increase with the cost of living, the competition for trained teachers, the enlargement of the boundaries of knowledge and the increase in specialization.

In order that they may obtain and retain competent teachers, the colleges must be financially strong and secure. Support by fees and contributions to meet current expense is too precarious to sustain the elaborate organization of the modern institution of learning.

It was decided therefore that the gifts of the General Education Board should be made to endowment and on such terms as were calculated to draw further funds to and arouse other interests in the selected institutions. There was the further consideration that buildings, grounds, apparatus, and scholarships can all be more readily obtained through gifts than can the endowment necessary to meet the expenditure they entail.

The report sets forth that $34,000,000 of the fund has been retained because the administrators have decided that the best interests of educational institutions will be served by continuing the life of the benefaction.

EDUCATION BOARD EXPLAINS ITS GIFTS

Rockefeller Foundation Praises Religious Denominations for Loyalty to Colleges.

12/20/14

THEY MUST BE RECOGNIZED

Only by Co-operating with Denominational Organizations Can Higher Education Be Aided.

The second part of the report of the General Education Board, founded by John D. Rockefeller, was made public yesterday. In the first installment, published on last Thursday, it was said that the principal of the fund amounted to $52,000,000, and that of this amount about $34,000,000 was still in hand. The second installment of the report says that these three questions were considered by the board when making gifts to colleges and universities:

First—A preference for centres of wealth and population as the pivots of the system.

Second—Systematic and helpful co-operation with religious denominations, and.

Third—Concentration of gifts in the form of endowment.

The report goes on to give a resumé of the work done and the conditions existing at the time the board was founded, and says:

Of the hundreds of college and universities struggling for existence at the time the General Education Board was established, thirty-four privately founded had endowments valued at $500,000 or more. Of these thirty-four, twenty-three were situated in cities and growing towns.

The eleven situated less favorably had $13,000,000 in endowments and less than 6,000 students.

The 400 that had less than $500,000 endowment each were nearly all situated in rural communities, where they were waging a sad struggle for means and students.

Moved, therefore, by the foregoing facts and considerations, the General Education Board has by preference selected for assistance institutions situated within a field where students could be easily procured; where the fostering care of a prosperous community could be counted on; where an

OUTSIDE GIFTS DUE TO EDUCATION BOARD

Conditional Aid Policy Bringing $40,000,000 Additional to American Colleges.

12/21/14

HOW DONATIONS HANDICAP

Board Finds Gifts Without Increase of Endowment Embarrass Institutions.

In the third installment of its report on the results of twelve years' work the General Education Board, founded by John D. Rockefeller, deals with "Conditional Giving," and explains why the board makes it a policy to give only a part of the money required by an institution. The report says:

Up to June 1, 1914, the General Education Board made contributions to 103 colleges and universities; to nineteen of these it has made a second appropriation. The sums pledged by the board amount to $10,582,591.80; the institutions assisted have themselves undertaken to raise additional sums aggregating almost $40,000,000.

Through the activities of the General Education Board, therefore, $50,884,323 will shortly have been added to college and university resources. Nor does this sum represent the full outcome of the board's work in this direction, for it does not include bequests written into the wills of those whose interest in a particular institution was first aroused or much deepened by campaigns undertaken to increase endowment.

A recent report received from institutions which have been assisted discloses the fact that the total increase in the endowment of colleges to which the board has made pledges, determined as from the dates of the several pledges, is already $20,760,292. The total cost of new buildings for the same period is $6,302,953.

Conditional Giving.

It will have been remarked that the gifts of the General Education Board to colleges and universities are invariably part only of the sum which the institutions in question have undertaken to raise. It should, however, be stated that this does not mean that the General Education Board requires an institution to raise any particular sum or to raise money in any particular way. Quite the contrary is the case.

Not the board, but the institution, takes the initiative, by announcing to the board its intention to undertake the raising of a certain sum, toward which a contribution is requested from the General Education Board. In giving, the board is, therefore, in exactly the same position as every other contributor; all alike subscribe definite sums toward a specified total; all are, therefore, conditional givers. The General Education Board appears to stand out from the others, not because its offer is any more conditional, but simply because it is usually the largest single contributor.

Modest unconditioned gifts might indeed prove a hindrance rather than a help. A new building represented without an increase of endowment sufficient to carry the additional expense incurred in running it; an endowed professorship unaccompanied by increased general funds; a new campus without further unencumbered funds with which to develop and care for it—these and other unconditioned benefactions tend to embarrass, not to assist, a university.

Conditional giving means, therefore, that when an institution undertakes to raise money for expansion, it has calculated what it needs in order, not only to make, but to support a progressive move. To this end every giver increases the leverage by means of which the required total may be collected; every giver accepts a certain—not infrequently a large—resonsibility for the future of the institution.

Gifts from Many Sources.

It may not be amiss to add in this connection that in founding the University of Chicago Mr. Rockefeller acted upon the principle just elucidated. In making his final gift of $10,000,000 to this institution (Dec. 13, 1910,) he stated his conviction that "it is far better that the university be supported and enlarged by the gifts of many than by those of a single donor. I have accordingly sought to assist you in enlisting the interest and securing the contributions of many others."

It happens, of course, very often that the General Education Board is unable to see its way clear to make contributions that have been requested. It is believed that adverse decisions of this kind have as a rule been satisfactorily explained to the applicants, so that, even if the reasons may not be concurred in, the disinterested desire of the board to do justice has not been questioned.

Decisions of this kind may be based on one or more of several reasons: the board may have already contributed more than a fair share to the section represented; the institution may occupy a more or less unpromising situation; it may be in too close proximity to a stronger institution; it may be without backing; it may be one of several denominational institutions which ought to be merged rather than separately developed.

Some of these schools may at the moment be performing a useful function; yet unless they appear to be necessary factors in a well-organized and well-distributed permanent system of higher education, the General Education Board is compelled to pass them by.

The total amount at the disposition of

ROCKEFELLER GIFTS TO COLLEGES LISTED

General Education Board Issues a Report of Appropriations It Has Made.

12/24/14

$34,000,000 STILL ON STAND

Disbursements Total $10,582,591, for Which Entire Sum to be Raised Is $50,384,323.

The General Education Board, which administers funds established by John D. Rockefeller, gave out yesterday the fourth installment of its annual report. This installment contains the details of the board's gifts to colleges. The list includes not only the amounts the board subscribed, but those sums toward which it contributed a part.

The appropriations by geographical sections were as follows:

	Appropriations of Board.	Entire Sum to be Raised.
To Southern States....	$3,052,625	$12,199,677
To Western States	3,967,781	19,574,522
To East. & Mid. States.	3,562,185	18,810,124
Totals	$10,582,591	$50,384,323

Southern States.

The subscriptions to colleges in the Southern States amounted to $3,052,625 toward a total of $12,199,677, as follows:

	Subscribed by G. E. B.	Supplemental Sum.
MARYLAND—$250,000.		
Johns Hopkins.....	$250,000	$750,000
VIRGINIA—$490,000.		
Emory and Henry....	50,000	200,000
*Randolph-Macon	60,000	180,000
Rand.-Macon Woman's	75,000	175,000
Richmond	150,000	350,000
Virginia	50,000	450,000
*Washington & Lee...	105,000	445,000
NORTH CAROLINA—$370,416.		
Davidson	75,000	225,000
Meredith	50,000	100,000
Salem Academy.....	75,000	225,000
Trinity	150,000	850,000
Wake Forest.....	29,416	88,248
SOUTH CAROLINA—$154,176.		
Converse	50,000	100,000
*Furman	50,000	250,000
*Wofford	54,176	151,704
GEORGIA—$222,283.		
Agnes Scott.....	100,000	250,000
Mercer	32,333	97,000
Wesleyan Female....	100,000	200,000
ALABAMA—$21,700.		
Howard	21,700	65,100
MISSISSIPPI—$150,000.		
Millsaps	25,000	75,000
Mississippi	125,000	275,000
ARKANSAS—$175,000.		
*Hendrix	175,000	525,000
TENNESSEE—$625,000.		
George Peabody.....	$250,000	$750,000
Maryville	50,000	150,000
Union	25,000	75,000
Chattanooga	150,000	350,000
Vanderbilt	150,000	150,000
KENTUCKY—$125,000.		
Georgetown	25,000	75,000
Transylvania	50,000	150,000
Williamsburg	50,000	170,000
TEXAS—$400,000.		
Baylor	200,000	400,000
Southern Methodist...	200,000	800,000
FLORIDA—$50,000.		
John B. Stetson.....	50,000	100,000
	$3,052,625	$9,147,152

*Two appropriations made.

Western States.

The subscriptions to colleges in Western States amounted to $3,967,781 toward a total of $19,374,522, as follows:

	Subscribed by G. E. B.	Supplemental Sum.
OHIO—$760,000.		
Marietta	$60,000	$240,000
Oberlin	125,000	375,000
Ohio Wesleyan.....	125,000	375,000
*Wooster	275,000	825,000
Western College for Women	50,000	200,000
Western Reserve.....	125,000	375,000
INDIANA—$230,160.		
De Pauw	100,000	400,000
Earlham	30,761	133,300
Franklin	49,899	214,063
Wabash	50,000	150,000
*Two appropriations made.		
MICHIGAN—$16,108.		
Kalamazoo	16,108	48,318
ILLINOIS—$300,000.		
*Knox	150,000	600,000
Lake Forest	50,000	350,000
Northwestern	100,000	900,000
WISCONSIN—$290,000.		
*Beloit	150,000	550,000
*Lawrence	90,000	310,000
Ripon	50,000	200,000
MINNESOTA—$850,000.		
St. Thomas	75,000	225,000
Carleton	100,000	500,000
Hamline	50,000	150,000
*Macalester	125,000	375,000
IOWA—$596,515.		
*Coe	146,515	586,060
Cornell	100,000	300,000
Drake	100,000	300,000
*Grinnell	200,000	700,000
Morningside	50,000	150,000
COLORADO—$200,000.		
*Colorado	100,000	700,000
Denver	100,000	300,000
KANSAS—$275,000.		
Ottawa	25,000	75,000
*Washburn	125,000	475,000
Baker	125,000	375,000
MISSOURI—$525,000.		
*Drury	125,000	525,000
Washington	200,000	800,000
William Jewell	125,000	375,000
Central	75,000	225,000
SOUTH DAKOTA—$150,000		
Dakota Wesleyan	50,000	200,000
Huron	100,000	400,000
WASHINGTON—$125,000.		
Whitman	125,000	750,000
CALIFORNIA—$150,000.		
Pomona	150,000	850,000
Total.....	$3,967,781	$15,406,741

*Two appropriations made.

Eastern and Middle States.

Subscriptions to colleges in Eastern and Middle States amounted to $3,562,185 toward a total of $18,810,124, as follows:

	Subscribed by G. E. B.	Supplemental Sum.
MAINE—$50,000.		
Bowdoin	$50,000	$200,000
VERMONT—$150,000.		
Middlebury	50,000	150,000
Vermont	100,000	400,000
MASSACHUSETTS—$750,000		
Amherst	75,000	325,000
Harvard	62,500	62,500
Mount Holyoke.....	100,000	400,000
Smith	212,500	850,000
Williams	100,000	500,000
Wellesley	200,000	800,000
CONNECTICUT—$400,000.		
Wesleyan	100,000	900,000
Yale	300,000	1,700,000
NEW YORK—$955,000.		
Hamilton	50,000	150,000
Hobart	100,000	200,000
St. Lawrence	50,000	150,000
Wells	100,000	400,000
Union	175,000	625,000
Rochester	230,000	970,000
Chamber of Commerce, N. Y.	50,000	450,000
Barnard	200,000	800,000
PENNSYLVANIA—$757,741.		
*Allegheny	150,000	550,000
Bryn Mawr	250,000	380,000
Bucknell	35,000	125,000
Franklin and Marshall.	50,000	308,512
Lafayette	47,741	281,928
Pennsylvania College..	50,000	150,000
Swarthmore	75,000	425,000
Washington & Jefferson	100,000	400,000
NEW JERSEY—$349,444.		
Princeton	99,444	894,999
Stevens Institute.....	250,000	750,000
RHODE ISLAND—$150,000.		
Brown	100,000	700,000
Women's College.....	50,000	150,000
Total	$3,562,185	$15,247,939

*Two appropriations made.

The board had a total fund of $52,000,000 to administer and there is still $34,000,000 of this available for carrying on its work. The third installment of the report dealt with the board's policy of making conditional gifts, and asserted that this policy had brought in $40,000,000 in additional gifts to American universities. In the first section, the appropriations up to June were shown to be $15,894,355.80, and in the second, the way in which the colleges and universities were chosen as worthy of endowment was explained. This second section also showed the conditions which an institution must meet to be worthy of participating in the fund of the General Education Board and paid a tribute to denominational colleges and universities.

FINDS COLLEGES LAX IN HANDLING FUNDS

12/25/14

General Education Board Insists They Shall Safeguard Gifts in Trust.

NEW SYSTEMS INSTALLED

As a Result, Educational Institutions Have Been Taught Business Methods.

The fifth installment of the annual report of the General Education Board dealing with the results of its activities upon college finance was made public yesterday. In part it says:

"As a business organization, alive to the dangers which attend large enterprises, the board has taken care to aid institutions in safeguarding their property. For this reason, the business management of colleges applying for contributions has been carefully scrutinized with a view to the suggesting of such improvements as might be advisable.

"Originally, many of the smaller colleges particularly had no organized bookkeeping staff. One college was discovered which had no record of bonds given for endowment except the envelope in which they were placed. In another instance gifts had been received through a series of years and no record of the amounts or the purposes for which the gifts were made had been kept. The only thing known by the college when the inquiry was made was that at that time they had such and such securities.

"Colleges have found it necessary to examine files of years' accumulation, to search records of church organizations, to appeal to the memory of 'the oldest inhabitant,' and to resort to every known method of getting information, and then have been obliged to report that the statements submitted were only approximately correct.

Old Methods Changed.

"All this is being changed. Bookkeepers are being installed; a thoroughgoing system of bookkeeping established; a complete system of vouchers adopted; an annual auditing of accounts required by the trustees, and the issuing of financial reports to boards of trustees and to others interested.

"All colleges with which the board has co-operated have already been in possession of trust funds. But it has been discovered that not infrequently such trust funds have been depleted.

"The board of trustees of a college, being hard pressed to meet current expenses, has resorted to the fiction of 'borrowing' from permanent funds to tide the college over a time of stress, occasionally a 'note' is given to cover the loan. The relief may not have come as anticipated and the 'borrowed' money frequently has not been returned to the trust fund.

"Where this state of affairs has been found the General Education Board has insisted upon the restoration of such trust funds before making payments on its pledge. It has also stipulated that the money contributed by the General Education Board 'shall be invested and preserved inviolably for the endowment' of the institution.

"The board has received many assurances from colleges that in the future trust funds will be more strictly regarded, and that under no circumstances will encroachment upon permanent funds to meet current expenses be followed. The board has thus been made to believe that, apart from rendering direct aid to colleges, it has been of service in throwing safeguards about funds contributed by others.

Colleges Saved from Ruin.

"The gifts of the General Education Board have been the means of arousing new effort. In one instance, the only endowed college in a Southern State, 'struggling against almost insuperable obstacles,' was saved from destruction and has now $300,000 safely invested. In another—this one of the strongest institutions of the land—the board's appropriation was the initial help in obtaining land, buildings, and endowment for a set of adequate university laboratories.

"In repeated instances, debts have been paid, salaries increased, new departments created, and more teachers supplied in consequence of the increased resources toward which the board's gifts served as an almost indispensable leverage.

"The institution's usefulness grows with its financial strength. The canvass for funds itself attracts students by making it better known; increased resources mean larger and more varied facilities, through which, of course, more students are more efficiently trained. The rapid increase in university attendance has forced the raising of larger sums; the raising of these sums has reacted on and increased attendance.

"If colleges and universities are to be thus popularly fostered and sustained, the work of the General Education Board may be fairly said to have made these institutions the more secure to the extent that it has increased the number of those who have a stake in them."

SOUTH AIDS IN WORK OF EDUCATION BOARD

People Pay Half the Cost of Farm Demonstration in First Decade.

12/26/14

RURAL POVERTY EXTREME

Inquiry Showed That Better Schools Would Follow More Productive Farms.

A summary of the efforts made to promote education in the Southern States is contained in an installment of the forthcoming report of the General Education Board, made public yesterday. The report in part says:

"Mr. Rockefeller's first gift to the General Education Board was designed to support an inquiry into the educational needs of the Southern people. To the officers and members of the board who visited the South for personal study it soon became clear that * * * adequate developments could not take place until the available resources of the people were greatly enlarged.

"These conditions were not primarily due to any lack of interest in popular education. They were mainly the result of rural poverty. While the average annual earning of individuals engaged in agriculture in the State of Iowa were upward of $1,000, the average earnings of those similarly engaged in some of the Southern States were as low as $150.

"The great bulk of the people of the Southern States was simply not earning enough to provide proper homes and to support good schools. Whatever the other deficiencies the prime need was money.

"It was obvious that the General Education Board could render no substantial educational service to the South until the farmers of the South could provide themselves with larger incomes.

"But the Southern farmer suffered from lack of scientific knowledge of agriculture and training in soil cultivation, knowledge available, indeed, though never effectually distributed to the people.

"It was therefore deliberately decided to undertake the agricultural education not of the future farmer, but of the present farmer, on the theory that, if he could be substantially helped, he would gladly support better schools in more and more liberal fashion. The extension of the so-called Co-operative Farm Demonstration movement resulted from this investigation.

"The programme above sketched could not, however, be carried out by the Federal Government, because, at that time, it was held that Government funds could be spent only for inter-State purposes. Following the success of the experimental demonstration at Terrell, Texas, Congress had made special appropriations for the purpose of combating the boll weevil, and cotton culture farms were established by Dr. Seaman A. Knapp throughout the infested region; but, as the appropriation was based on the idea that the weevil was an inter-State menace and only as such, a legitimate object of Federal concern, the money was not available for strictly educational uses.

"The co-operation of the General Education Board made the general educational application of the idea possible. While still retaining his connection with the Department of Agriculture, Dr. Knapp ready accepted an offer made by the board to finance the educational extension of farm demonstrations, entering into the scheme with all the vigor and enthusiasm of youth.

"The United States Department of Agriculture became a party to the necessary arrangements. An agreement, signed April 29, 1906, by the Secretary of Agriculture and the Secretary of the General Education Board, provided that 'The farmers' co-operative work, in which the General Education Board is to become interested, shall be entirely distinct in territory and finance from that carried on solely by the Department of Agriculture' and that 'the United States Department of Agriculture shall have supervision of the work and shall appoint all special agents for this extended territory in the same way that they are now appointed, and the said agents shall be under control of said department in every respect as fully as any of the agents of the department.'

"Henceforth agricultural demonstrations in weevil-infected States were conducted with Government funds; agricultural demonstrations in non-infected States were supported by the General Education Board; control of both being lodged in the Federal Department of Agriculture.

"The cooperation of the General Education Board brought about an immediate and rapid expansion of the demonstration movement in every direction; it conquered new territory, dealt with a rapidly increasing number of activities, and touched more people.

"In 1906, 545 farms were reached; a

year later, 2,834; in 1908, something over 14,000; in 1910, 63 622; in 1912, 106,621. Twenty-five thousand adults were at the last-named date receiving instruction in Texas; over 15,000 in Oklahoma; over 15,000 in Arkansas; 10,500 in Alabama; 6,190 in Mississippi.

"The initial appropriation of the General Education Board in 1905 was $7,000. At that time the Government was devoting $40,000 to demonstrations directed against the boll weevil. The board appropriated $30,900 the next year, $76,500 two years later, $130,000 in 1911, and $250,000 in 1913.

"These sums were unevenly distributed. In 1906-09, $4,000 was spent in Florida, $15,000 in Virginia; the next year, $19,000 in Virginia, $30,000 in Georgia; in 1911-12, $23,000 in South Carolina, $25,000 in North Carolina.

"The following table summarizes the total cost of the Southern work thus far and shows the source of the funds by means of which it has been carried on:

Year.	Government.	General Education Board.	Other Sources.
1907-04..	$27,348.04		
1904-05..	40,168.29		
1905-06..	40,000.00	$7,000.00	
1906-07..	40,000 50	30,900.00	$2,800.00
1907-08..	$3,901,837	69,300.00	4,200.00
1908-09..	105,370.34	76,500.00	14 297.00
1909-10..	229 349.17	102,000 00	33,714.41
1910-11..	258,825.87	118 000.00	76,622.04
1911-12..	363,392.19	130 000.00	178,654.13
1912-13..	356 481.31	140.050.00	272,598.37
1913-14..	375,000.00	252,000.00	*490,146.03
Total.	$1,922,300.62	$925,750.00	$1,060,305.25

*Approximate.

"In less than a decade, 'other sources,' i. e., the Southern people themselves, were paying almost 50 per cent. of the total annual expenditure approaching $1,200,000, thus vindicating the policy on which the board had acted.

"Fortunately the value of demonstration has been so clear that the Federal Government will now take over and extend purely educational farm demonstrations; success has dissipated the constitutional scruple that for the past ten years has restricted governmental activities in this direction to plague-infested States.

"The final result will be disappointing unless the movement is dominated by the spirit which was infused into it by its founder; unless the same standards of fitness continue to prevail in the selection of the ever-increasing army of employes who will be required for its extension, and the same constant regard for concrete results remains the test applied to the outcome."

ROCKEFELLER BOARD AIDS CANNING CLUBS

Farmers' Girls of the South Learn to Add to the Family Income.

KINDLES SOCIAL INTEREST

General Education Fund Has Spread the Work Through Fourteen States Since 1911.

The eighth installment of the forthcoming report of the General Education Board, made public yesterday, deals with the work done by the Board and the Federal Department of Agriculture in the homes of the farmers through the organization of the Girls' Canning Clubs, which have operated to produce much the same results among the wives and daughters of farmers that the Boys' Corn Clubs have brought about among the farmers' sons.

The plan, which was first tried on a modest scale by a South Carolina woman, was developed by Dr. Seaman L. Knapp of the Department of Agriculture, who has been in charge of the work carried on by the department and the General Education Board in the South, and its results have been, not only more money for the women of the farm, but an instruction in more efficient and sanitary methods, a broadening of the outlook, and a considerable increase in the social life of farm communities. The report says in part:

"The demonstration work," wrote Dr. Knapp, in his report under date October, 1910, "has proven that it is possible to reform by simple means the economic life and the personality of the farmer on his farm. The Boys' Corn Clubs have likewise shown how to turn the attention of the boy toward the farm. There remains the home itself—and its women and girls.

"This problem cannot be approached directly. The reformer who tells the farmer and his wife that their entire home system is wrong will meet with failure. With these facts in view, I have begun a work among girls to teach one simple and straightforward lesson which will open their eyes to the possibilities of adding to the family income through simple work in and about the home."

Began with Tomatoes.

Something of the kind had indeed already started near Aiken, S. C., where Miss Marie Cromer had purchased a canning outfit and organized some canning clubs among the girls of the vicinity, tomatoes having been chosen as the most available garden vegetable.

Once more Dr. Knapp seized upon an idea and in vision saw it encompassing the entire South. He saw in it a means of importing a new interest into the home, of bringing about cooperation in domestic tasks between mother and daughter, of encouraging rural families to provide better food at lower cost by utilizing orchard and garden products, of providing girls a way of earning money, of furnishing teachers a method of helping entire communities.

The method is simple: Each girl takes one-tenth of an acre and is taught how to select the seed, to plant, cultivate, and perfect the growth of the tomato plant. Meanwhile portable canning outfits have been provided, to be set up out of doors—in the orchard or the garden—and trained teachers of domestic science instruct the local teachers in the best methods.

When the tomatoes are ripe the girls come together, now at one home, now at another, to can the product. It is done in the most up-to-date fashion. The girls are taught the necessity of scrupulous cleanliness; they sterilize utensils and cans, seal and label, and, indeed, manufacture an easily marketable product.

Three hundred and twenty-five girls were registered the first year; 3,000 the next; 23,550 in the year following; in 1913 there were upward of 30,000 in fourteen different States.

The entire expense of the Girls' Canning Club work has at all times been borne by the General Education Board except for local contributions. In 1911 an initial appropriation of $5,000 was made; $25,000 the following year; in May, 1913, the appropriation of the board for this purpose was $75,000.

Though the National Government through the Department of Agriculture has had entire control and supervision, it has borne no part of the expense. The States in which the work is now going forward on this basis are Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Kentucky, Tennessee, Arkansas, Oklahoma, and Texas.

Actual Profits Considerable.

The average profit made by girls reporting in twelve States was $21.98; but not a few made sums far in excess. A Macon County, Miss., girl realized a net profit just under $100 on her 950 cans of tomatoes; a neighbor made 1,008 cans, with a profit to herself of $77.73; a girl living in Aiken County, S. C., netted $60.51. The accounts are carefully kept. They reckon rent, cost of preparing and cultivating the soil, fertilizer, cans, labels, labor, vegetables sold, vegetables used fresh for home consumption, &c.

The imponderable indirect gains are certainly not less important. Canning club day is a social occasion. Mother prepares something a little extra for luncheon, and asks the aid and instruction of the teacher in charge of the Canning Club. The home is "tidied up," tables are properly set out and decorated, bouquets of wild flowers appear here and there about the rooms. The boys come; mothers and fathers come; the neighborhood is there!

Thus social interest is kindled about the doing of something worth while. There follows a spirit of mutual helpfulness, mutual concern, mutual affection. This sort of thing lays the foundation for co-operation in larger and more important things—in the church, in the school, in charities, in business.

Although only $105,000, besides local contributions, has been expended as yet in this work and that entirely by the General Education Board in contradistinction to the work of farm demonstration in which the heaviest part of the expenditure has been borne by the Government, the board nevertheless considers that social spirit of tremendous value has been developed, and that the work begun by a Southern woman will spread, through the board's assistance, to an extent which will in large measure remake the financial and working conditions in the farm homes throughout the entire South.

EDUCATION BOARD TRAINS BOY FARMERS

Rockefeller Foundation Tells of Fine Results Obtained Through Their Clubs.

WOULD EXTEND SYSTEM

Prize Winners Should Meet President and Secretary of Agriculture, Report Says.

A chapter in the report of the work of the General Education Board made public yesterday tells of the efforts to interest boys and girls in intelligent, money-producing farming methods. The history of the boys' corn clubs is related in detail. The report says:

"Sporadic clubs had already been organized by a few County Superintendents of Education when, in 1908, Dr. Knapp appropriated and made the most of the idea. As far as possible, every boy should plant an acre of corn on his father's farm. In every neighborhood there should be a local boys' corn club. Next, county and State organizations should be formed and, finally, a federation of corn clubs should be created, including every Southern State.

"Local, county, and State prizes should be awarded. The topmost boys should be sent to Washington to meet the Secretary of Agriculture and to shake hands with the President. The expanded idea was an effort to appeal to the boy's imagination—assuredly an effective way of dignifying the farming profession, but the shrewd old teacher knew that merely decorative distinctions would in the long run prove ineffective. The boy, therefore, was to sell his crop and pocket the money.

"As a rule, each member of a club works a plot of one acre. The County Superintendent of Education is usually in charge. Appointed special agent of the Department of Agriculture with a nominal salary of one dollar a year, he obtains the franking privilege, which enables him to procure reports from the boys and to disseminate information and instructions among them.

"But more and more other agencies also undertake to co-operate. Prominent among them being State colleges of agriculture, of which nine were regularly connected with the work in the year 1912.

"The club enrollment has increased from 10,343 in 1908, to 91,000 in 1913.

"In 1910, the boys' clubs of Holmes county, Mississippi, averaged seventy-six bushels of corn per acre, while their fathers were averaging sixteen in the same season. One hundred boys in various parts of the South averaged 133.7 bushels, and one boy produced over 200. The following season 100 boys averaged 137.48 bushels. Seven boys raised over 200 in 1911. Four hundred seventy-one made over 100 bushels to the acre in 1912.

"The instances above cited represent, of course, the most favorable results. But the general average of the boys is, as the following figures show, strikingly superior to results otherwise obtained:

State.	Yield on Boy's Acre.	Yield on Similar Lands.
Alabama	62.30	17.20
Arkansas	49.50	22.00
Florida	38.58	8.00
Georgia	56.40	14.00
Louisiana	55.32	20.24
Mississippi	66.30	18.00
North Carolina	62.80	20.00
Oklahoma	48.00	22.63
South Carolina	68.79	18.50
Tennessee	91.46	35.50
Texas	88.00	24.00
Virginia	59.50	20.00

"A club consists essentially of a group of boys varying in number from 25 to 100. Corn and cotton are both cultivated, but corn is preferred, first, because the South needs more corn, and, secondly, because corn lends itself better to study and selection."

EDUCATIONAL FUNDS AND THE PUBLIC.

It would be unwise, perhaps, to lay too much stress upon the action of a committee of the National Education Association in denouncing at the convention last week the activities of the Carnegie and Rockefeller Foundations. A small committee may be easily led astray as to facts and tendencies. But in this case the committee's action has gone abroad and been accepted as the judgment of the entire Association; and its assertion that the great gifts of Carnegie and Rockefeller "menace true academic freedom and defeat the primary purpose of democracy as heretofore preserved inviolable in our common schools, normal schools, and universities," is so sweeping as to call for immediate reply by those concerned. They can hardly remain silent when charged from such a source with "efforts to control the policies of our State educational institutions," and to fashion courses of study according to their own conception. This, the committee feels, is dangerous because these great philanthropic agencies are in no way responsible to the people.

Let us say at the outset that we believe the particular charge as to State institutions will turn out to be wholly without foundation. We could not deny, however, that there exists a widespread prejudice against both organizations because of the names they bear. The popular dislike of Mr. Rockefeller easily becomes distrust and doubt when his money appears to be invading the educational field, and the public does not inform itself as to either the functions of the General Education Board or its control of its vast funds. The modern distrust of great fortunes is responsible for some of the feeling against the Carnegie Foundation; the rest, we believe, is largely due to disappointed applicants for aid, or to ignorance of what is really being done. Some of the animus must also be attributed to the feelings aroused by just censure of educational institutions or methods by the Carnegie Foundation. In the case of the General Education Board ignorance is due to the lamentable mistake, now we understand to be remedied, made by that body in never printing a report of any kind. It has long been a primary requirement of modern charitable and philanthropic undertakings that they publish annual itemized accounts of income and expenditure, with a statement of policy and purpose. Whether from excessive modesty or for reasons of policy, the General Education Board has given out nothing but its quarterly donations, many of them subject to requirements which may or may not be complied with. That it never gives, save to those who apply for aid; that its funds are absolutely controlled by its large and influential board of trustees, that it bestows its bounty without regard to sectarianism, are facts not widely known, any more than are the principles which underly its donations.

Obviously, this is a gross injustice to the Board itself, for it leads people to believe that there is something to conceal; that it cannot stand publicity; that it seeks to work in the dark. Various misconceptions are afloat; thus the colored people and those working in their behalf in the South feel that the Board is indifferent, if not hostile, to them. Nowhere is there a summary of what has been and is being done for the colored schools. Does it favor higher education for them or not? Is it true that the whole attitude of the Board has changed towards Southern education since the early days of the Southern Education Board? And is there a Rockefeller Foundation besides the General Board? These and other elementary questions remain unanswered. Not unnaturally, the apparent lack of responsibility provokes public anxiety. Among thoughtful people the question arises, Is it well that these foundations, with their staggering total of millions, should go uncontrolled? If it is safe to-day, how about fifty years from now, when the donors and the first generations of administrators have passed from the scene? Will there not then be really a danger that these self-perpetuating bodies may lose touch with the mass of educators and be blind to the movement of the great current of democratic thought?

Upon these questions the trustees of both Boards should promptly enlighten the public, precisely as the secretary of the Carnegie Foundation recently replied so effectively to Mr. Churchill, the president of the city's School Board. Its activities, it should be noted, have repeatedly been set forth in annual and other reports. Then, the public should not be blinded by the names of Rockefeller and Carnegie into forgetting the fact that smaller foundations, like the Jeanes, Slater, and Peabody Funds, have done a notable educational work without rousing either prejudice or suspicion. If their functions were clearly defined and confined, it is nevertheless true that it would be a great misfortune if the giving of great benefactions were made more difficult. It is one of the glories of our republic that private means are bestowed with unparalleled munificence upon education. We are spared, as to private colleges at least, the ever-hateful going hat in hand to the State for aid; under our system, we are developing, without public funds, institutions of rare promise and individuality without the shackles of authority and subject to no whim of the Legislatures. Again there is the possibility of enormous usefulness by the various now existing foundations, already demonstrated, to our entire secondary educational system; this must not be overlooked nor thrown away; the progress already made is nothing less than wonderful. What is to be worked out is a question of administration and of safeguarding these trusts so that they shall be obedient to sound educational judgment and shall never become a menace to our American educational ideals.

PRESIDENT CHURCHILL'S NIGHTMARE.

To President Churchill of the Board of Education we owe the original and startling discovery that the Carnegie Foundation is a treasonable conspiracy, of which the purpose is to buy the control of colleges, corrupt the education of American youth, destroy the foundations of religion and bind the Nation in perpetual slavery to institutions that have been openly bribed.

To most persons the situation will not cause so grave alarm as it does to President Churchill. The character of the Carnegie Foundation has been fairly well understood. It was founded by Mr. Carnegie in 1905 and incorporated by act of Congress. It is endowed with $15,000,000, to provide retiring allowances for teachers and officers of colleges, universities and technical schools. It pays out large sums annually in pensions to professors and officers of institutions selected for their educational standing. On their face these facts do not seem to bring it within the criminal class of corporations, or even to make of it the national menace into which it is transformed in the heated imagination of the President of the Board of Education.

It would be more to the point if President Churchill would devote himself to promoting the efficiency of the public schools of the city of New York, with which he is officially concerned. They offer him plenty of occupation for his energies, without making random excursions in to the realm of higher education, where he has had even less experience than with the public schools.

CARNEGIE'S MIND ON $75,000,000 GIFT

Project to Found Rural Libraries "Well Received" by Ironmaster.

7/7/14

EDUCATOR SUGGESTED IDEA

United States Commissioner Claxton Stirs Delegates at Convention with Announcement of Plan.

ST. PAUL, Minn., July 6.—Delegates to the great convention of the National Education Association were stirred today when they learned that Andrew Carnegie had under consideration a plan to found rural libraries throughout the United States.

Philander P. Claxton, United States Commissioner of Education, made the first public reference to the matter today at a meeting of State Superintendents of Schools at which he presided.

The proposed endowment is to be between $75,000,000 and $100,000,000.

Mr. Claxton said that he had talked the matter over with Mr. Carnegie, and, although he has not the authority to say that Mr. Carnegie would donate the sum desired, the matter was "well received" by the ironmaster.

"Mr. Carnegie was extremely interested in the proposal," said Mr. Claxton, "and asked just how large a sum would be necessary to carry out the project."

Commissioner Claxton advocated a system of central county libraries with several branches. He was confident that the proposed gift of the Carnegie millions would carry out the plan successfully.

DENIAL BY MR. CARNEGIE.

Says He Never Heard of the $100,000,000 Rural Libraries Plan.

Special Cable to THE NEW YORK TIMES.

ABERDEEN, July 7.—Andrew Carnegie, who is on a visit to Aberdeen, was seen by a NEW YORK TIMES correspondent today in regard to the statement of United States Commissioner of Education Claxton at St. Paul yesterday that he (Mr. Carnegie) was considering a plan to endow rural libraries throughout the United States at a cost of $75,000,000 to $100,000,000.

Mr. Carnegie said he had never heard of the scheme and did not know what Mr. Claxton meant.

In regard to the Mexican situation, Mr. Carnegie said:

"I am greatly pleased that the Mexico danger is less imminent. Peace will work wonders."

Mr. Carnegie tomorrow will attend the installation of the Earl of Elgin as Chancellor of Aberdeen University. He will also be a guest at a dinner given to the university dignitaries by the general body of graduates.

This, it is understood, will be Mr. Carnegie's farewell visit to Aberdeen. He will return to Skibo Castle by automobile.

ASSAILS CARNEGIE AS COLLEGES' FOE

T. W. Churchill Attacks Ironmaster's Foundation for Crushing Individuality.

Speaking at the commencement exercises of Manhattan College in Carnegie Hall last night, Thomas W. Churchill, President of the Board of Education, made an attack on the Carnegie Foundation for the Advancement of Teaching. His chief charges against the organization were that it attempted to standardize college education and thus to crush individuality, strived for abstract scholarship rather than humanized ideals of service, and, above all, attacked denominational control of the colleges, which the speaker characterized as bribing the colleges to abandon religion.

Mr. Churchill opened his address with a collection of the opinions of many eminent men, both within and without the colleges, who thought that higher education of the present day was deficient in essential qualities. James J. Hill, R. T. Crane, Thomas A. Edison, Henry Clews, and Charles M. Schwab were quoted as men who had no confidence in the college graduates of the present day.

"And this education which we deplore," said Mr. Churchill, "has been brought about by men immured in colleges, who would not let in the ideas of the outside world."

Reform of our higher institutions of learning, he went on, would have to be begun and carried through by laymen who were not fossilized by academic influence.

"We want no national Board of Education to prescribe methods," Mr. Churchill said. "The people insist of doing its own business, not delegating it to a committee for standardization, and such a committee now exists. About ten years ago Andrew Carnegie used some millions of dollars to establish a fund for the pensioning of worn-out college professors, but it soon became apparent that what had been haled as a provision for the old age of professors was in reality a corporation to buy the control of such colleges as were willing to sell their birthright and carry on college teaching and management according to the pattern prescribed by it.

"The Foundation has deliberately and conspicuously made a mark of the religious colleges—particularly of the small institutions which in their own field carried on a great Samaritan work with limited equipment but a splendid spirit, and one after another many religious colleges have been seduced by great wealth to give up the independence that should be found in a college of nowhere else, and to forsake the faith of their founders.

"If education is not free it will soon be formalized and dead, and I deem it my duty to enter a protest against the standardization which the foundation attempts to secure and against its interference with religious education. It makes one boil with shame to think that in this generation and in this republic any body of men would so brazenly employ the tremendous power of great wealth as to permit it to buy the abandonment of religion.

"Lucky Iron Master."

"It is no surprise that these men hold up abstract ideals of culture rather than practical ideals of public service. By reason of the imperfection of our labor laws a lucky iron master [illegible] work of thousands of artisans the cream of their wages until he amasses through them a fortune that makes that of Croesus look like a little pie. And to these men who work before the furnaces this heap of wealth stands in the way, blocking the entrance of their own sons into institutions which the public had expected to throw the light of education into wider and wider strata of society. For the Carnegie Foundation by its requirements excludes from the colleges which it aids with money such youths as do not meet the requirements which the foundation sees fit to establish."

A copy of Mr. Churchill's speech, which was given out in advance, contained expressions very much stronger than those which he actually used in his address. Even so, his remarks were received with vigorous applause, and considerable laughter was stirred up when he said, "The standardization and uniformity on which the foundation harps might well be the watchword of the commander of an army or of the Warden of Sing Sing."

The Right Rev. Mgr. Michael J. Lavelle, Vicar General, who presided at the exercises, followed Mr. Churchill's speech with one which, while milder in tone, agreed with it in sentiment.

—World 6/18/14

CARNEGIE FOUNDATION MEETING

Members of Board Attend Annual Gathering Here—Report of Treasurer on College Pensions.

The ninth annual meeting of the trustees of the Carnegie Foundation for the advancement of teaching was held to-day at 576 Fifth Avenue. The twenty-four members were all present, except Frank A. Vanderlip, president of the National City Bank, who is ill. The chairman of the board, William Peterson, principal of the McGill University, in Montreal presided. President William F. Slocum, of Colorado College, was later elected chairman.

Dr. Henry S. Pritchett, president of the Foundation, and Robert A. Franks, its treasurer, presented their annual reports. The general endowment is now $14,129,000, and its annual income is $696,000. Of this amount, $634,000 was used during the year in paying pensions to 432 professors or widows of professors, forty-four being added during the year. This is an increase of $34,000 over last year. Since the establishment of the Foundation, 482 professors and 114 widows representing the seventy-two institutions have received allowances totalling $3,551,000.

President Arthur T. Hadley, of Yale, and President Jacob G. Schurman, of Cornell, were reëlected to membership in the executive committee which conducts the business of the Foundation between the annual meetings of the trustees.

The first part of the Division of Educational Inquiry's study of legal education, which is being made at the request of the American Bar Association, is now in press in the form of a report on the case method of instruction, by Prof. Joseph Redlich, of Vienna. Progress is also being made in a study of engineering education undertaken at the request of the joint committee representing the National Engineering Societies. Work will soon be begun at the request of the Governor of Missouri, upon a study of the training of teachers in that State.

N.Y. Sun 4/13/15

CARNEGIE DEFENDS HIS FUND

Denies Teaching Foundation Is Poor or Mismanaged.

Andrew Carnegie and officials of the Carnegie Foundation for the Advancement of Teaching yesterday denied the statement that the Foundation was facing bankruptcy, and that its management was inefficient—a charge which was made on Monday night at the dinner of the Church Club in Pittsburgh by Monell Sayre, Secretary of the Clergy Pension Fund of the Episcopal Church.

Mr. Carnegie referred inquirers into the solvency of the Foundation to its officers. Clyde Furst, Secretary, said that the Treasurer's report for the year ended Sept. 30, 1914, which had not yet been published, showed a balance of more than a million dollars.

"Mr. Sayre was connected with the Carnegie Foundation for six years, and is a very good friend of mine," he said. "I should say that probably he has gone too far in his statements on account of his devotion to the system of pensions to which the beneficiaries are contributors, such as is exemplified by the Clergy Pension Fund."

The probable source for further revenue for the Foundation as further revenue is needed is indicated by the fact that the President, Dr. Henry S. Pritchett, is one of the Trustees of the Carnegie Corporation, which has back of it almost unlimited resources. To refute the charges of mismanagement and explain the connection between the Foundation and the corporation Mr. Carnegie issued a statement which shows that the charter of the corporation provides for eight Trustees, of whom five are ex officio, the Presidents of the five institutions—the Carnegie Institute of Pittsburgh, the Carnegie Institution of Washington, the Carnegie Foundation for the Advancement of Teaching, the Carnegie Hero Fund, and the Carnegie Endowment for International Peace.

N.Y. Times 4/14/15

CARNEGIE FUND BANKRUPT, SAYS CHURCHMAN

Monell Sayre Asserts U. S. Steel Pension System Has Failed, Too.

MISMANAGEMENT OF BOTH IS CHARGED

PITTSBURG, Pa., April 12.—Monell Sayre, secretary of the Church Pension Fund of the Episcopal Church, astonished a large gathering at the dinner of the Church Club of Pittsburg to-day at the Hotel Schenley by a declaration that the United States Steel Corporation in radically altering its pension system had done it to the disadvantage of employees; and further that the Carnegie Foundation is unable financially to carry out the purposes for which it was established.

Mr. Sayre, criticising the United States Steel Corporation's alteration of its pension system, charged that the greatest business corporation in the world has been "wofully deficient" and that "no excuses avail" for changes made in three radical particulars. He added that the changes indicated "a very rudimentary conception of morality."

Discussing the state of the Carnegie Foundation, designed to ease the old age as well as to compensate adequately college professors in this country, Mr. Sayre said flatly that from the twenty-five college presidents chosen to handle the fund Mr. Carnegie had a right to expect the finest pension system in the world, but that the eminent board had failed to make a detailed and specific study of their task; had relied upon generalizations, and had published such reports as "would make a pension expert weep."

Exhausted in Generation.

He asserted that the pension system founded by Mr. Carnegie could not run for a generation if it had even the vast resources of the Carnegie corporation—$125,000,000.

The parts of Mr. Sayre's address which commanded keen attention by his audience were as follows:

"Yesterday morning upon my arrival in Pittsburg the first item I read in the daily newspapers was the announcement that the United States Steel Corporation had altered in a radical manner and to the great disadvantage of its employees its pension system.

"For several years I have known that this must happen. Two years ago the Church Pension Fund publicly criticised the pension system of the Steel Corporation with great severity, but nevertheless the actual announcement came to me as a positive shock.

"No excuses avail. Human longevity has not increasd noticenbly within the last few years. Even the rate of interest has not fallen. The fact cannot be denied that the United States Steel Corporation started a great pension system upon insufficient data, without sufficient study, lacking scientific guidance.

"But it may be answered that in pensions the Steel Corporation was off its own ground; its business is to manufacture steel, so I turn to my other illustration, one peculiarly appropriate in this spot, overshadowed as we are with the gigantic piles of Mr. Carnegie's benefactions across the park.

"Ten years ago this week Andrew Carnegie conceived the noble purpose of pensioning the professors in American colleges. He committed this purpose to the best hands he thought that he could find—the presidents of twenty-five leading American universities, Harvard, Yale, Columbia, University of Pennsylvania, your own University of Pittsburg and the then president of Princeton, now the Chief Magistrate of the United States. From such a galaxy of learning and future greatness, with ample resources at their disposal, Mr. Carnegie had a right to expect the best pension system in the world. The result was the Carnegie Foundation, and the Carnegie Foundation is now bankrupt.

Would Make Expert Weep.

"It never occurred to these heads of American learning to collect the necessary data; at least their first report indicates that nothing but generalizations were attempted. It never occurred to this very eminent board to have scientific calculations made; at least their first report spreads no such calculations before the public. No eminent actuary is mentioned as assisting their deliberations.

"Instead, their first report, in which their pension system is described, would make a pension expert weep, that is if he could refrain from laughter.

"The insufficiency even of the 125 additional millions of the Carnegie Corporation is simply proved. For a pension system to increase its expenditures ten times in forty years is a very moderate estimate; all pension experience proves that. The Carnegie Foundation now spends $700,000 a year. Ten times that amount is $7,000,000. But $7,000,000 is more than the income of the $125,000,000 of the Carnegie Corporation.

Clyde Furst, secretary of the Carnegie Foundation for the Advancement of Teaching, denied in New York last night that the foundation is bankrupt or in any kind of trouble through the operation of its system.

Mr. Furst characterized Mr. Sayre's remarks as "silly and inflated guesses of a nice little boy whose tongue sometimes runs away with him." Incidentally Mr. Furst admitted that since the starting of the pension fund for college professors the $10,000,000 with which it was endowed by Mr. Carnegie has proved insufficient to meet the demands upon it and that on three occasions since then a total of $3,000,000 additional has been given by Mr. Carnegie.

Mr. Furst denied that the Carnegie Corporation, started two years ago when Mr. Carnegie appropriated $125,000,000, was meant to save the professors' pension fund from the financial rocks.

CARNEGIE DENIES FUND IS BANKRUPT

Has Had to Augment Foundation, but Accummulation Shows a Surplus.

GARY DEFENDS PENSIONS

N.Y. Sun 4/14/15

Andrew Carnegie in person and Clyde Furst, secretary of the Carnegie Foundation, denied vigorously yesterday the statements of Monell Sayre, secretary of the Episcopal Clergy Pension Fund, that the foundation is bankrupt and its management incompetent. Judge Gary, chairman of the board of directors of the United States Steel Corporation, also denied yesterday the statement made by Sayre that the corporation's pension plan is a failure.

Mr. Furst, to whom Mr. Carnegie referred inquirers, after making a general denial of Mr. Sayre's charges, made public the latest report of Treasurer Robert A. Frangs, showing an accumulation in excess of expenses amounting to $1,245,936.49 up to September 30, 1914.

Although he denied that the foundation is bankrupt, Mr. Furst admitted that since Mr. Carnegie started the foundation in 1905 with $10,000,000 he has had to augment its funds by $3,000,000. He has promised $3,000,000 more, Mr. Furst said, but that is not yet needed.

"Since 1905 our work has broadened greatly" Mr. Furst said. "The maximum pension allowance has been increased from $3,000 to $4,000, and instructors, widows and State universities have been made beneficiaries.

"The future financial needs of the foundation depend on the increase in professors and their salaries. This has been about 10 per cent. every five years. If this continued for thirty years the cost of retiring allowances would about double. This estimate, probably too large, is more likely to be correct than Mr. Sayre's estimate of a tenfold increase in obligations."

Mr. Sayre said yesterday that perhaps he did not mean to have the word "bankrupt" taken literally.

"Still," he said, "they will have to have more money as the beneficiaries increase. It seems queer to me that they should plan it so poorly. Then, too, they intended taking in 120 colleges, and they have not done it. Yes, I have attacked the foundation before. Why not?"

The statement made by Sayre that the pension system of the United States Steel Corporation has been "woefully deficient" was declared by Judge Gary to be not justified by the facts.

Mr. Sayre based his criticism chiefly on the changes that the Steel Corporation found it necessary to make in its pension system, changes that, he said, were to the disadvantage of the employees. Judge Gary says that these changes were necessary because when the system was put into operation there were no adequate data available on which to base a scientific system and that as these data were developed it was found best to raise the age of retirement and lengthen the required time of service.

"These are the only changes which have been made in the United States Steel and Carnegie pension fund. Our efforts and the plans upon which we are now at work are to put our pension system upon a better basis and to give greater protection both to the men who have already been granted pensions and to those whose service will entitle them to apply for pensions in the future."

Amsterdam, N.Y.

Perry, Okla., Suit

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CARNEGIE LIBRARY A JAIL?

City Council Refuses Funds and Suggests "Practical" Use.

Special to The New York Times.

AMSTERDAM, N. Y., Feb. 24.—A movement was started here today to transform the Carnegie Library Building into a city jail. City officials, it is said, are making tentative plans for the rearrangement of the building.

The library was erected in 1902 by Andrew Carnegie, with the stipulation that the city was to provide for its maintenance. The usual appropriation of $3,000 was stricken from the city budget last night, together with other appropriations, in order to keep the budget within the $200,000 limit.

The proposal to turn the library into a jail was considered by the Common Council. Alderman Hayflinger, who has been active in the recent fight for readjustment of the city's finances, this afternoon expressed himself as favoring such action.

"This building would make an ideal jail, police headquarters, and police court, without much alteration," he said. "Inasmuch as our financial condition will not allow us to provide for maintenance this year and for many years to come, and as the State authorities will force us to close our present jail next month, I think it would be wise to turn our attention to practical things. If the Trustees of the library find themselves unable to carry on the association's work without aid from the city, why not enter into negotiations to obtain this property for city purposes?"

Times 2-24-15

COMMITTEE ON FEDERAL AND STATE RELATIONS

The chairman of the committee, Dr. Bernard C. Steiner, calls attention to the fact that a movement is again active to urge Congress to prohibit the Post Office Department from furnishing printed return request envelopes. Librarians are requested to send a protest against this measure to the Hon. John A. Moon, chairman of the House Committee on Post Offices and Post Roads.

The chairman of the committee also desires to have published as a report from the committee the following article copied from the American Law Review, vol. 48, pp. 598-599, July-August, 1914:

The Carnegie Libraries Have Rights Which Courts Will Protect.—In 1909 a citizen of Perry, Oklahoma, wrote to Mr. Andrew Carnegie, soliciting from him a gift of a sum of money to the city for the purpose of erecting a library building and establishing a free public library. In answer, Mr. Carnegie offered the sum of $10,000 with which to construct a free public library upon condition that the city council by resolution would bind the city to furnish a site for said building and maintain said free public library at a cost of not less than $1,000 a year. The city council by resolution accepted the donation and agreed to comply with the terms thereof by providing a site and by levying an annual tax upon the taxable property of the city sufficient in amount to maintain a free public library in said building at a cost of not less than $1,000 per year. The building was thereupon constructed in accordance with the plans and specifications approved by the donor, and the cost thereof paid by the donor in the sum of $10,000. Thereupon a library consisting of 1,300 volumes was placed in the building, and the building and its rooms were occupied as designed in the plans and specifications according to which it was constructed. A little later, however, the city council proceeded to take charge of the building and to establish therein the offices of the city, including the office of mayor, city clerk, police judge, chambers of the city council, and authorized the use of a portion of the building for commercial club purposes and for public conventions.

On the complaint of several taxpayers of Perry the Supreme Court of Oklahoma enjoins the city from violating the trust in this manner, holding that the title to the building was not absolute in the city free of any conditions and restrictions, but that the city's title to it is that of a trustee; and that it holds it for the benefit of the public; that a court of equity has jurisdiction to compel the execution of the trust in compliance with the terms of the gift; and that the action of the officers of the city in attempting to divert the building or a portion thereof to the above-named uses may be enjoined at the suit of resident taxpayers of the city and beneficiaries of the trust.

"It is fundamental that if a grant is made for a specific, limited, and defined purpose, the subject of the grant cannot be used for another purpose; and a diversion of the subject of the trust from the purposes for which the trust was created may be enjoined.

"Defendants attempt to justify their taking charge of a portion of the building for city hall purposes with the contention that the library may be maintained in a part of the building, without the use of the whole of it for that purpose; but we do not understand that the fact that the *cestui que trust* may not be in absolute need of the benefits of the trust ever authorizes the trustee to convert the trust, or a portion thereof to his own use. For the same reason, upon receipt of the gift the municipal authorities might have said that a $5,000 building would prove fully adequate for a public library, and devoted the other $5,000 to building a separate building for a city hall. But a statement of this contention demonstrates its unsoundness. By accepting the gift, the city bound itself to levy each year the sum of $1,000 with which to keep up and support the free public library. It cannot levy and collect this sum of money and expend a part thereof in keeping up the library and a part in maintaining the library as a city hall for the accommodation of its officers and of private or public organizations, such as commercial clubs, without a misappropriation of the funds so levied and a violation of the trust; and, to prevent their doing so, they may be enjoined at the suit of the taxpayers of the city and beneficiaries of the trust."

Perry Public library v. Lobsitz, 130 Pacific Reporter 919.

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